

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD

**County of Macomb, Michigan
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
PREPARED IN ACCORDANCE WITH GASB 34
December 31, 2004**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CHARTER TOWNSHIP OF CHESTERFIELD	County MACOMB
Audit Date 12/31/2004	Opinion Date 06/17/2005	Date Accountant Report Submitted to State: 06/30/2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

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LOCAL AUDIT & FINANCE DIV.

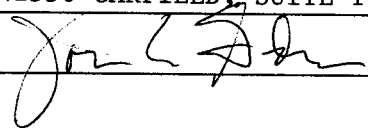
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) BUSS & COMPANY, P.C.			
Street Address 42550 GARFIELD, SUITE 105	City CLINTON TWP.	State MI	ZIP 48038
Accountant Signature 		Date JOHN E. GIDEON	

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Charter Township of Chesterfield
County of Macomb, Michigan

June 17, 2005

Honorable Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Chesterfield, Macomb County, Michigan as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include financial data regarding Public Act 342 Funds which were not audited by us. This information was obtained directly from the County Drain Commission. This financial data is included in the Water Supply and Sewage Disposal System and represents approximately 1 percent of the assets and negligible percent of revenues of that fund type.

In our opinion, except for the effects on the financial statements of the inclusion described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Chesterfield, Macomb County, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Board of Trustees
Charter Township of Chesterfield
June 17, 2005
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In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2005, on our consideration of Charter Township of Chesterfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 6 and budgetary comparison schedule on pages 34 through 36, are not a required part of the basic financial statements, but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information, and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Charter Township of Chesterfield, Macomb County, Michigan, basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully,

BUSS & COMPANY, P.C.



Certified Public Accountants

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CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For The Year Ended December 31, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 10.5% from a year ago - increasing from \$83,135,196 to \$91,843,084. Governmental activities experienced an increase of \$4,896,827 during the year, an increase of 17.7%. The business-type activities experienced a \$3,811,061 increase in net assets during the year, an increase of 6.9%. In a condensed format, the table below shows a comparison of key financial information for the current year to the prior year.

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$34,149,779	\$34,169,059	\$25,577,060	\$29,751,285	\$ 59,726,839	\$ 63,920,344
Capital assets	<u>20,071,722</u>	<u>13,153,457</u>	<u>45,109,495</u>	<u>37,130,038</u>	<u>65,181,217</u>	<u>50,283,495</u>
Total Assets	<u>\$54,221,501</u>	<u>\$47,322,516</u>	<u>\$70,686,555</u>	<u>\$66,881,323</u>	<u>\$124,908,056</u>	<u>\$114,203,839</u>
Long-term debt outstanding	\$ 8,255,873	\$ 7,389,015	\$ 8,300,620	\$ 8,565,854	\$ 16,556,493	\$ 15,954,869
Other liabilities	<u>13,361,370</u>	<u>12,226,070</u>	<u>3,147,109</u>	<u>2,887,704</u>	<u>16,508,479</u>	<u>15,113,774</u>
Total Liabilities	<u>\$21,617,243</u>	<u>\$19,615,085</u>	<u>\$11,447,729</u>	<u>\$11,453,558</u>	<u>\$ 33,064,972</u>	<u>\$ 31,068,643</u>
Net Assets:						
Invested in capital assets - Net of debt	\$14,001,416	\$ 9,166,142	\$36,808,875	\$28,564,184	\$ 50,810,291	\$ 37,730,326
Restricted	739,293	805,142	4,995,177	5,388,953	5,734,470	6,194,095
Unrestricted	<u>17,863,549</u>	<u>17,736,147</u>	<u>17,434,774</u>	<u>21,474,628</u>	<u>35,298,323</u>	<u>39,210,775</u>
Total Net Assets	<u>\$32,604,258</u>	<u>\$27,707,431</u>	<u>\$59,238,826</u>	<u>\$55,427,765</u>	<u>\$ 91,843,084</u>	<u>\$ 83,135,196</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations for our governmental activities stands at \$17,863,549 or about 93% of expenditures.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended December 31, 2004

The Township as a Whole (Continued)

The following table shows the changes of the net assets:

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>		<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>		<u>TOTAL</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>PROGRAM REVENUES:</u>						
Charges for services	\$ 2,832,036	\$ 2,050,540	\$ 7,408,697	\$ 7,100,377	\$ 10,240,733	\$ 9,150,917
Operating grants and contributions	203,045	332,916	-	-	203,045	332,916
Capital grants and contributions	6,360,971	960,998	5,686,604	1,883,223	12,047,575	2,844,221
<u>GENERAL REVENUES:</u>						
Property taxes	11,138,104	10,468,025	-	-	11,138,104	10,468,025
State-shared revenues	2,820,145	2,956,459	-	-	2,820,145	2,956,459
Unrestricted investment earnings	351,050	322,570	308,173	267,840	659,223	590,410
Franchise fees	385,273	358,221	-	-	385,273	358,221
Transfers and other revenues	23,375	181,831	(24,672)	38,595	(1,297)	220,426
Total Revenues	<u>\$24,113,999</u>	<u>\$17,631,560</u>	<u>\$13,378,802</u>	<u>\$9,290,035</u>	<u>\$37,492,801</u>	<u>\$26,921,595</u>
<u>PROGRAM EXPENSES:</u>						
General Government	\$ 4,408,631	\$ 4,160,593	\$ -	\$ -	\$ 4,408,631	\$ 4,160,593
Public Safety	10,543,457	9,575,317	-	-	10,543,457	9,575,317
Street, sidewalks and drains	2,287,053	1,162,664	-	-	2,287,053	1,162,664
Recreation and culture	1,730,255	1,583,688	-	-	1,730,255	1,583,688
Interest on long-term debt	247,776	271,241	-	-	247,776	271,241
Water and sewer	-	-	9,443,396	8,270,015	9,443,396	8,270,015
Brandenburg Park	-	-	124,345	111,517	124,345	111,517
Total Expenses	<u>\$19,217,172</u>	<u>\$16,753,503</u>	<u>\$ 9,567,741</u>	<u>\$8,381,532</u>	<u>\$28,784,913</u>	<u>\$25,135,035</u>
CHANGE IN NET ASSETS	<u>\$ 4,896,827</u>	<u>\$ 878,057</u>	<u>\$ 3,811,061</u>	<u>\$ 908,503</u>	<u>\$ 8,707,888</u>	<u>\$ 1,786,560</u>

The Township's net assets continue to remain healthy. With new residents moving in and property values continuing to rise, net assets grew by \$8,707,888.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended December 31, 2004

Governmental Activities

Revenues for governmental activities totaled \$24,113,999. \$11,138,104 was in the form of property tax collections for general operations, public safety and library operations. State revenues provided \$2,820,145 in revenue but continue to be a concern due to the State's financial difficulties. Charges for services, made up primarily of inspection fees, generated \$2,832,036.

The Township expenditures of \$19,217,172 relate primarily to the cost of providing public safety and compliance which accounts for 55% of the government activity expenditures. Approximately 23% of expenditures relate to general government expenses.

Business-Type Activities

The Township has two business-type activities. These include the water and sewer operations and the Brandenburg Memorial Park Fund. Revenues for business-type activities were \$13,378,802. Water and sewage treatment is provided to Chesterfield residents through the Detroit Water and Sewer Department. Revenues from water and sewer operations were \$13,313,620, including contributions from developers. Revenues from the Township's operation of Brandenburg Memorial Park were \$65,182.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004 include the General Fund, the Fire Department Fund, and the Police Department Fund.

The General Fund pays for most of the Township's governmental services. The General Fund ended 2004 with a fund balance of \$5,079,346. Revenues decreased by \$103,513 due primarily to a decline in state shared revenues. Expenditures decreased by \$281,184 due primarily to completion of paving projects during 2003.

The Fire Department Fund is funded through a property tax millage. These funds are expended exclusively for operations and equipment for the Fire Department. The Fire Department ended 2004 with a fund balance of \$4,646,004. Revenues increased by \$217,979 due primarily to increased taxable value of properties. Expenditures decreased by \$192,930 due primarily to the replacement of uniforms and fire fighting equipment during 2003.

The Police Department Fund is funded by a special assessment. These funds are expended exclusively for operations for the Police Department. The Police Department ended 2004 with a fund balance of \$3,864,703. Revenues increased by \$481,479 due primarily to increased taxable value of properties. Expenditures increased by \$1,777,961, due primarily to an increase in employee compensation and benefits and acquisition of communication equipment.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended December 31, 2004

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Actual revenues fell short of budgeted amounts by \$43,161. This short fall was due primarily to a reduction in state shared revenue. Budgeted expenditures exceeded actual expenditures by \$149,072.

Fire Department Fund Budgetary Highlights

The Fire Department's revenues fell short of budgeted amounts by \$117,825. This short fall was due primarily to a reduction in investment earnings. Budgeted expenditures were amended during the year to take into account events occurring during the year. Final budgeted expenditures exceeded actual expenditures by \$542,391.

Police Department Fund Budgetary Highlights

The Police Department revenues ended the year in line with budget expectations. Budgeted expenditures exceeded actual expenditures by \$19,073.

Capital Assets

At the end of 2004, the Township had \$82,576,590 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Macomb County Road Commission (along with the responsibility to maintain them).

Construction of facilities for the Water and Sewer Department and a third fire station are expected to be completed in 2005.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk at 47275 Sugarbush, Chesterfield Township, Michigan 48047.

BUSS & COMPANY, P.C.CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

Exhibit 1

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GOVERNMENT-WIDE
STATEMENT OF NET ASSETS
December 31, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents			
Investments	\$15,442,393	\$10,872,207	\$ 26,314,600
Receivables:	5,692,904	6,919,680	12,612,584
Taxes			
Special assessments	9,936,157	-	9,936,157
Accrued interest	1,681,554	-	1,681,554
Other	48,778	63,066	111,844
Due from other governmental units	403,661	1,788,240	2,191,901
Internal balances	1,220,405	-	1,220,405
Prepaid expenditures	(293,434)	293,434	-
Inventories	17,361	-	17,361
Restricted assets	-	141,405	141,405
Capital assets - Net of depreciation	-	5,499,028	5,499,028
	<u>20,071,722</u>	<u>45,109,495</u>	<u>65,181,217</u>
Total Assets	<u>\$54,221,501</u>	<u>\$70,686,555</u>	<u>\$124,908,056</u>
LIABILITIES:			
Accounts payable	\$ 377,086	\$ 955,735	\$ 1,332,821
Accrued compensation	634,149	75,080	709,229
Accrued and other liabilities	126,366	82,305	208,671
Deferred revenue	12,223,769	2,033,989	14,257,758
Noncurrent liabilities:			
Due within one year	674,142	410,604	1,084,746
Due in more than one year	<u>7,581,731</u>	<u>7,890,016</u>	<u>15,471,747</u>
Total Liabilities	<u>\$21,617,243</u>	<u>\$11,447,729</u>	<u>\$ 33,064,972</u>
NET ASSETS:			
Invested in capital assets - Net of related debt			
Restricted:	\$14,001,416	\$36,808,875	\$ 50,810,291
Debt service			
Unrestricted:	739,293	4,995,177	5,734,470
Undesignated	<u>17,863,549</u>	<u>17,434,774</u>	<u>35,298,323</u>
Total Net Assets	<u>\$32,604,258</u>	<u>\$59,238,826</u>	<u>\$ 91,843,084</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 GOVERNMENT-WIDE
 STATEMENT OF ACTIVITIES
 December 31, 2004

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES		
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	IN NET ASSETS BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 4,408,631	\$ 429,302	\$107,720	\$ 85,845	(\$ 3,785,764)	\$ -	(\$ 3,785,764)
Public safety and compliance	10,543,457	2,084,795	41,661	77,861	(8,339,140)	-	(8,339,140)
Streets, sidewalks and drains	2,287,053	-	-	6,197,265	3,910,212	-	3,910,212
Culture and recreation	1,730,255	317,939	53,664	-	(1,358,652)	-	(1,358,652)
Interest on long-term debt	247,776	-	-	-	(247,776)	-	(247,776)
Total Governmental Activities	\$19,217,172	\$ 2,832,036	\$203,045	\$ 6,360,971	(\$ 9,821,120)	\$ -	(\$ 9,821,120)
Business-type Activities:							
Water Supply and Sewage Disposal System	\$ 9,443,396	\$ 7,344,488	\$ -	\$ 5,686,604	\$ -	\$ 3,587,696	\$ 3,587,696
Brandenburg Memorial Park Fund	124,345	64,209	-	-	-	(60,136)	(60,136)
Total Business-type Activities	\$ 9,567,741	\$ 7,408,697	\$ -	\$ 5,686,604	\$ -	\$ 3,527,560	\$ 3,527,560
Total Primary Government	\$28,784,913	\$10,240,733	\$203,045	\$12,047,575	(\$ 9,821,120)	\$ 3,527,560	(\$ 6,293,560)
GENERAL REVENUES:							
Taxes:							
Property taxes					\$11,138,104	\$ -	\$11,138,104
State revenues					2,820,145	-	2,820,145
Franchise fees					385,273	-	385,273
Investment earnings					351,050	308,173	659,223
SPECIAL ITEM - GAIN (LOSS) ON SALE OF EQUIPMENT					(1,297)	-	(1,297)
TRANSFERS					24,672	(24,672)	-
Total General Revenues, Special Item, and Transfers					\$14,717,947	\$ 283,501	\$15,001,448
CHANGES IN NET ASSETS					\$ 4,896,827	\$ 3,811,061	\$ 8,707,888
NET ASSETS - BEGINNING					27,707,431	55,427,765	83,135,196
NET ASSETS - ENDING					\$32,604,258	\$59,238,826	\$91,843,084

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2004

	<u>GENERAL FUND</u>	<u>FIRE DEPARTMENT FUND</u>	<u>POLICE DEPARTMENT FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$3,095,690	\$3,836,281	\$ 5,440,939	\$3,069,483	\$15,442,393
Investments	1,162,715	1,029,159	33,267	3,467,763	5,692,904
Receivables:					
Taxes	1,017,367	2,366,200	5,724,574	828,016	9,936,157
Special assessments	86,053	-	-	1,595,501	1,681,554
Accrued interest	10,580	13,600	22,788	1,810	48,778
Other	403,550	-	-	111	403,661
Due from other governmental units	1,130,496	-	85,731	4,178	1,220,405
Due from other funds	4,512	337,340	6,211	10,844	358,907
Prepaid expenditures	4,153	4,208	1,614	7,386	17,361
Total Assets	<u>\$6,915,116</u>	<u>\$7,586,788</u>	<u>\$11,315,124</u>	<u>\$8,985,092</u>	<u>\$34,802,120</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 68,824	\$ 22,919	\$ 42,231	\$ 243,112	\$ 377,086
Accrued compensation	131,789	59,343	365,960	45,741	602,833
Accrued and other liabilities	9,008	-	2,871	-	11,879
Due to other funds	128,476	18,216	62,271	443,378	652,341
Deferred revenue	1,497,673	2,840,306	6,977,088	2,590,256	13,905,323
Total Liabilities	<u>\$1,835,770</u>	<u>\$2,940,784</u>	<u>\$ 7,450,421</u>	<u>\$3,322,487</u>	<u>\$15,549,462</u>
<u>FUND BALANCE:</u>					
Reserved for:					
Debt service	\$ -	\$ -	\$ -	\$ 770,752	\$ 770,752
Subsequent year expenditures	4,153	4,208	77,081	232,631	318,073
Unreserved, reported in:					
Designated	14,470	-	-	565,595	580,065
Undesignated	5,060,723	4,641,796	3,787,622	4,093,627	17,583,768
Total Fund Balance	<u>\$5,079,346</u>	<u>\$4,646,004</u>	<u>\$ 3,864,703</u>	<u>\$5,662,605</u>	<u>\$19,252,658</u>
Total Liabilities and Fund Balance	<u>\$6,915,116</u>	<u>\$7,586,788</u>	<u>\$11,315,124</u>	<u>\$8,985,092</u>	<u>\$34,802,120</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
For The Year Ended December 31, 2004

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS

\$19,252,658

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources, and are not reported in the funds:

Cost of capital assets

\$30,297,953

Accumulated depreciation

(10,226,231)

20,071,722

Special assessment receivables are expected to be collected over several years, and are not available to pay current year expenditures and, therefore, are not reported in the governmental funds

1,681,554

Accumulated employee leave benefits are not due and payable in the current period and, therefore, are not reported in governmental funds

(31,316)

Accrued interest payable on long-term liabilities is not payable until due in the funds

(114,487)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

(8,255,873)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$32,604,258

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2004

	<u>GENERAL FUND</u>	<u>FIRE DEPARTMENT FUND</u>	<u>POLICE DEPARTMENT FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Property taxes	\$1,144,629	\$2,640,503	\$6,426,984	\$ 925,988	\$11,138,104
Inter-governmental	2,750,649	-	-	-	2,750,649
Permits and fees	8,165	-	-	-	-
Grants and entitlements	724,624	-	-	1,641,471	1,649,636
Charges for services	153,720	-	58,690	332,586	1,115,900
Special assessments	-	-	-	-	153,720
Interest and investment earnings	82,812	70,931	-	425,615	425,615
Other	611,657	96,755	102,832	90,868	347,443
Total Revenues	<u>\$5,476,256</u>	<u>\$2,808,189</u>	<u>\$6,979,843</u>	<u>\$3,555,605</u>	<u>\$18,819,893</u>
EXPENDITURES:					
Current:					
General government	\$4,597,266	\$ -	\$ -	\$ -	\$ 4,597,266
Public safety and compliance	-	3,163,806	7,930,927	1,095,388	12,190,121
Road maintenance and repair	582,115	-	-	-	582,115
Recreation and culture	735,549	-	-	1,219,339	1,954,888
Debt service:					
Principal	-	-	-	356,000	356,000
Interest	-	-	-	83,380	83,380
Capital outlay	-	-	-	2,764,950	2,764,950
Total Expenditures	<u>\$5,914,930</u>	<u>\$3,163,806</u>	<u>\$7,930,927</u>	<u>\$5,519,057</u>	<u>\$22,528,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$ 438,674)</u>	<u>(\$ 355,617)</u>	<u>(\$ 951,084)</u>	<u>(\$1,963,452)</u>	<u>(\$ 3,708,827)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	\$ 183,958	\$ 159,684	\$ -	\$ 259,955	\$ 603,597
Proceeds from the issuance of bonds	-	-	-	1,475,000	1,475,000
Operating transfers (out)	(284,690)	-	-	(294,235)	(578,925)
Total Other Financing Sources (Uses)	<u>(\$ 100,732)</u>	<u>\$ 159,684</u>	<u>\$ -</u>	<u>\$1,440,720</u>	<u>\$ 1,499,672</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(\$ 539,406)</u>	<u>(\$ 195,933)</u>	<u>(\$ 951,084)</u>	<u>(\$ 522,732)</u>	<u>(\$ 2,209,155)</u>
FUND BALANCES - JANUARY 1	<u>5,618,752</u>	<u>4,841,937</u>	<u>4,815,787</u>	<u>6,185,337</u>	<u>21,461,813</u>
FUND BALANCES - DECEMBER 31	<u>\$5,079,346</u>	<u>\$4,646,004</u>	<u>\$3,864,703</u>	<u>\$5,662,605</u>	<u>\$19,252,658</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			(\$2,209,155)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources			4,678,900
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense	\$3,408,284		
Depreciation expense not recorded in governmental activities	(1,153,121)	2,255,163	
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any effect on net assets.			
Proceeds received during current year	(\$1,475,000)		
Repayment of long-term debt during current year	<u>608,142</u>	(866,858)	
Accrued interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds		(1,982)	
Expenses for employee leave benefits are recorded when earned in the statement of activities:			
Reversal of employee leave benefits earned in 2003	\$ 29,801		
Employee leave benefits earned in 2004	(31,316)	(1,515)	
The statement of activities reports losses arising from the sale of exiting capital assets. Conversely, governmental funds report proceeds from the sale of assets as an increase in financial resources.			
Proceeds from the sale of fixed assets reported in governmental funds	(\$ 14,500)		
Loss on sale of fixed assets reported in statement of activities	(1,297)	(15,797)	
Special assessment revenues are recorded in the statement of activities when the assessment is earned (i.e., work is substantially complete); they are not reported in the funds until collected. In the current year, more was earned than collected			<u>1,058,071</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u>\$4,896,827</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 December 31, 2004

ASSETS	WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM	BRANDENBURG MEMORIAL PARK FUND	TOTAL
<u>CURRENT ASSETS:</u>			
Cash and cash equivalents			
Investments	\$10,791,695	\$ 80,512	\$10,872,207
Accounts receivable	6,919,680	-	6,919,680
Interest receivable	1,788,240	-	1,788,240
Inventories	62,990	76	63,066
Due from other funds	141,405	-	141,405
Total Current Assets	<u>226,001</u>	<u>686</u>	<u>226,687</u>
	<u>\$19,930,011</u>	<u>\$ 81,274</u>	<u>\$20,011,285</u>
<u>NONCURRENT ASSETS:</u>			
Restricted cash and cash equivalents			
Other restricted assets	\$ 4,854,877	\$ -	\$ 4,854,877
Special assessments	633,209	-	633,209
Capital assets: (Note 1)	84,625	-	84,625
Depreciable buildings, property, and equipment, net			
Total Noncurrent Assets	<u>43,979,456</u>	<u>1,130,039</u>	<u>45,109,495</u>
Total Assets	<u>\$49,552,167</u>	<u>\$1,130,039</u>	<u>\$50,682,206</u>
	<u>\$69,482,178</u>	<u>\$1,211,313</u>	<u>\$70,693,491</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts payable	\$ 953,618	\$ 2,117	\$ 955,735
Accrued compensation	75,080	-	75,080
Due to other funds	3,075	3,861	6,936
Current portion of long-term obligations	410,604	-	410,604
Liabilities payable from restricted assets	82,305	-	82,305
Total Current Liabilities	<u>1,524,682</u>	<u>5,978</u>	<u>1,530,660</u>
<u>NONCURRENT LIABILITIES:</u>			
Noncurrent portion of long-term obligations	\$ 7,890,016	\$ -	\$ 7,890,016
Deferred revenue	2,033,989	-	2,033,989
Total Noncurrent Liabilities	<u>9,924,005</u>	<u>-</u>	<u>9,924,005</u>
Total Liabilities	<u>\$11,448,687</u>	<u>\$ 5,978</u>	<u>\$11,454,665</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$35,678,836	\$1,130,039	\$36,808,875
Restricted for debt service	4,995,177	-	4,995,177
Unrestricted	17,359,478	75,296	17,434,774
Total Net Assets	<u>\$58,033,491</u>	<u>\$1,205,335</u>	<u>\$59,238,826</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Year Ended December 31, 2004

	<u>WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM</u>	<u>BRANDENBURG MEMORIAL PARK FUND</u>	<u>TOTAL</u>
<u>OPERATING REVENUES:</u>			
Water revenues	\$ 3,479,171	\$ -	\$ 3,479,171
Sewage disposal revenues	3,865,317	-	3,865,317
Usage fees	-	60,696	60,696
Other	-	3,513	3,513
Total Operating Revenues	<u>\$ 7,344,488</u>	<u>\$ 64,209</u>	<u>\$ 7,408,697</u>
<u>OPERATING EXPENSES:</u>			
Personnel services	\$ 1,694,172	\$ 46,537	\$ 1,740,709
Supplies	633,748	8,737	642,485
Other services and charges	<u>6,982,982</u>	<u>69,071</u>	<u>7,052,053</u>
Total Operating Expenses	<u>\$ 9,310,902</u>	<u>\$ 124,345</u>	<u>\$ 9,435,247</u>
OPERATING INCOME (LOSS)	(\$ 1,966,414)	(\$ 60,136)	(\$ 2,026,550)
<u>NONOPERATING REVENUES (EXPENSE):</u>			
Interest income	\$ 307,200	\$ 973	\$ 308,173
Capital income	1,951,576	-	1,951,576
Special assessments	17,687	-	17,687
Interest expense	<u>(132,494)</u>	<u>-</u>	<u>(132,494)</u>
Total Nonoperating Revenues (Expense)	<u>\$ 2,143,969</u>	<u>\$ 973</u>	<u>\$ 2,144,942</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 177,555	(\$ 59,163)	\$ 118,392
CONTRIBUTIONS FROM DEVELOPERS	3,717,341	-	3,717,341
TRANSFERS FROM (TO) OTHER FUNDS	<u>(24,672)</u>	<u>-</u>	<u>(24,672)</u>
CHANGE IN NET ASSETS	\$ 3,870,224	(\$ 59,163)	\$ 3,811,061
NET ASSETS - JANUARY 1	<u>54,163,267</u>	<u>1,264,498</u>	<u>55,427,765</u>
NET ASSETS - DECEMBER 31	<u><u>\$58,033,491</u></u>	<u><u>\$1,205,335</u></u>	<u><u>\$59,238,826</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2004

	<u>WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM</u>	<u>BRANDENBURG MEMORIAL PARK FUND</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers	\$ 7,105,159	\$ 64,209
Payments to suppliers	(6,597,036)	(48,295)
Payments to employees	(1,683,413)	(46,537)
Internal activity - Other funds	126,251	2,898
Other receipts (payments)	<u>88,960</u>	<u>-</u>
Net Cash (Used) by Operating Activities	<u>(\$ 960,079)</u>	<u>(\$ 27,725)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers	<u>(\$ 24,672)</u>	<u>\$ -</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital revenue	\$ 2,288,656	\$ -
Interest earned	2,040	-
Special assessments	(15,227)	-
Interest expense	(79,222)	-
Purchase of capital assets	(5,418,685)	(8,000)
Increase (decrease) in long-term debt	(265,234)	-
Change in restricted assets	<u>360,424</u>	<u>-</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(\$ 3,127,248)</u>	<u>(\$ 8,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and investment earnings	<u>\$ 299,499</u>	<u>\$ 938</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(\$ 3,812,500)</u>	<u>(\$ 34,787)</u>
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>21,523,875</u>	<u>115,299</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u><u>\$17,711,375</u></u>	<u><u>\$ 80,512</u></u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
For The Year Ended December 31, 2004

	<u>WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM</u>	<u>BRANDENBURG MEMORIAL PARK FUND</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating income (loss)		
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	(\$ 1,966,414)	(\$ 60,136)
Depreciation expense		
(Increase) decrease in:	1,132,793	31,770
Accounts receivable		
Inventories	(150,369)	-
Due from other funds	8,664	-
Increase (decrease) in:	123,176	(686)
Accounts payable		
Accrued expenses	(121,763)	(2,257)
Due to other funds	10,759	-
	<u>3,075</u>	<u>3,584</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(\$ 960,079)</u>	<u>(\$ 27,725)</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2004

	<u>PENSION TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
	<u>CHESTERFIELD</u> <u>TOWNSHIP</u> <u>PENSION PLAN</u>	<u>TRUST</u> <u>AND</u> <u>AGENCY</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ -	\$2,379,287
Investments	3,708,681	599,735
Accrued interest	-	3,983
Due from other funds	-	62,598
Total Assets	<u>\$3,708,681</u>	<u>\$3,045,603</u>
<u>LIABILITIES:</u>		
Bonds and deposits	\$ -	\$1,375,082
Due to other funds	-	62,598
Due to other governmental units	-	1,567,773
Due to others	-	40,150
Total Liabilities	<u>\$ -</u>	<u>\$3,045,603</u>
<u>NET ASSETS:</u>		
Held in trust for employees' retirement benefits	<u>\$3,708,681</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
For The Year Ended December 31, 2004

	<u>CHESTERFIELD</u> <u>TOWNSHIP</u> <u>PENSION PLAN</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer	\$ 514,055
Employee	<u>124,027</u>
Total Contributions	\$ 638,082
Investment earnings	<u>432,554</u>
Total Additions	<u>\$1,070,636</u>
<u>DEDUCTIONS:</u>	
Distributions to beneficiaries (Rollovers or direct)	\$4,753,431
Administration expenses	<u>1,641</u>
Total Deductions	<u>\$4,755,072</u>
NET INCREASE (DECREASE) FOR THE YEAR	(\$3,684,436)
NET ASSETS - JANUARY 1	<u>7,393,117</u>
NET ASSETS - DECEMBER 31	<u>\$3,708,681</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Chesterfield (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Chesterfield, Michigan:

A. REPORTING ENTITY

The Charter Township of Chesterfield, Michigan is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

The Chesterfield Township Library serves all of the citizens of the Township and is governed by an elected six-member board. The Library was formed under P.A. of 1877 and remains a fund of the Township. The Library is reported as a Special Revenue Fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

State-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Department Fund is a full service Police Department. The main source of revenue for the Police Department comes from a voter-approved special assessment on all real property.
- The Fire Department Fund is a full service Fire Department. The main source of revenue for the Fire Department comes from a voter-approved millage on real and personal property. The approved millage for the Fire Department is split with a portion being allocated to fire operations and a portion allocated to fire equipment.

The Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Township's water and sewer lines.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets is included as part of the capitalized value of the asset constructed. During the current year, \$336,817 of interest expense was capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Buildings and improvements	20 years
Machinery and equipment	5-10 years
Water and sewer distribution systems	50 years

Compensated Absences - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for these amounts is reported in governmental funds because the Township has a policy to pay employees for unused sick time at the beginning of each year and vacation pay is generally used by employees each year. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative total data for the prior year have been presented for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

GENERAL BUDGET POLICIES

Annual operating budgets are formally adopted for the General Fund, Special Revenue and Enterprise Funds. Legal authorization for the spending of individual capital projects is provided by the Township Board approval of construction contracts. Budgets are adopted by the Township in total or by departments where applicable. Budget information as presented as required supplemental information is formatted for presentation purposes and may not reflect categories as adopted.

Budgets are prepared on the same accounting basis as the accounts of the funds. As such, the budgets of the General and Special Revenue Funds are prepared on the modified accrual basis. The budgets of the Enterprise Funds are prepared on the accrual basis.

Encumbrances not committed to accounts and contracts payable by year end are allowed to lapse and are rebudgeted in the following year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>BUDGET ITEM</u>	<u>BUDGET APPROPRIATION</u>	<u>ACTUAL EXPENDITURE</u>	<u>BUDGET VARIANCE</u>
GENERAL FUND:			
Culture and Recreation	\$703,102	\$735,549	\$ 32,447
Transfer out	-	284,690	284,690

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

III. DETAIL NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The invest policy adopted by the Township in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. Agencies, instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools and mutual funds.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>FIDUCIARY</u> <u>FUNDS</u>	<u>TOTAL</u>
Cash and cash equivalents	\$15,442,393	\$10,872,207	\$2,379,287	\$28,693,887
Investments	5,692,904	6,919,680	4,308,416	16,921,000
Restricted assets	-	5,488,086	-	5,488,086
Total	<u>\$21,135,297</u>	<u>\$23,279,973</u>	<u>\$6,687,703</u>	<u>\$51,102,973</u>

The breakdown between deposits and investments is as follows:

	<u>PRIMARY</u> <u>GOVERNMENT</u>
Bank deposits (checking and savings accounts, certificates of deposit)	\$34,104,356
Investments in securities, mutual funds and similar vehicles	16,921,000
Petty cash and cash on hand	77,617
Total	<u>\$51,102,973</u>

The above bank deposits were reflected in the accounts of the bank at \$34,717,247. Of that amount, \$9,040,926 was covered by federal depository insurance and \$25,676,321 was uninsured and uncollateralized.

The Township believes that due to dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution it deposits Township funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

A. DEPOSITS AND INVESTMENTS (Continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year-end, the Township's investment balances were categorized as follows:

Investments not subject to categorization:

Mutual Funds	\$ 3,708,681
Bank Investment Pools	<u>13,212,319</u>
Total	<u>\$16,921,000</u>

The fair value of the position in the bank investment pools is the same as the value of the pool shares. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in these funds comply with the investment authority noted above.

B. RECEIVABLES

Although the Township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of operations.

Information relating to taxable value and millage rates levied are provided in Table 2. The 2004 levy resulted in raising \$1,239,363 for general operating purposes, \$2,130,422 for fire operating purposes, \$709,884 for acquisition of fire equipment, \$6,977,088 for police operating purposes and \$993,993 for library operating purposes. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable with an offsetting credit to deferred revenue. Taxes receivable has been reduced for amounts received during 2004.

Receivables as of year-end for the Township's individual major and nonmajor funds, are as follows:

	<u>GENERAL FUND</u>	<u>FIRE DEPARTMENT FUND</u>	<u>POLICE DEPARTMENT FUND</u>	<u>WATER AND SEWER</u>	<u>NONMAJOR AND OTHER FUNDS</u>	<u>TOTAL</u>
Taxes receivable	\$1,017,367	\$2,366,200	\$5,724,574	\$ -	\$ 828,016	\$ 9,936,157
Accounts receivable	-	-	-	1,788,240	-	1,788,240
Special assessments	86,053	-	-	90,484	1,595,501	1,772,038
Intergovernmental	1,130,496	-	85,731	90,758	4,178	1,311,163
Interest and other	<u>414,130</u>	<u>13,600</u>	<u>22,788</u>	<u>85,246</u>	<u>1,921</u>	<u>537,685</u>
Gross Receivables	<u>\$2,648,046</u>	<u>\$2,379,800</u>	<u>\$5,833,093</u>	<u>\$2,054,728</u>	<u>\$2,429,616</u>	<u>\$15,345,283</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 For The Year Ended December 31, 2004

B. RECEIVABLES (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	UNAVAILABLE	UNEARNED
Property taxes	\$12,050,750	\$ -
Special assessments	1,681,554	-
Grants	-	173,019
Total	<u>\$13,732,304</u>	<u>\$173,019</u>

C. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital Assets Not Being Depreciated:				
Land	\$ 2,964,256	\$ 88,927	\$ -	\$ 3,053,183
Construction in progress	199,724	1,336,464	-	1,536,188
Subtotal	<u>\$ 3,163,980</u>	<u>\$1,425,391</u>	<u>\$ -</u>	<u>\$ 4,589,371</u>
Capital Assets Being Depreciated:				
Buildings	\$ 9,423,453	\$ 13,306	\$ -	\$ 9,436,759
Improvements other than buildings	721,630	229,742	-	951,372
Machinery and equipment	4,610,584	1,739,844	401,035	5,949,393
Infrastructure	4,692,158	4,678,900	-	9,371,058
Subtotal	<u>\$19,447,825</u>	<u>\$6,661,792</u>	<u>\$401,035</u>	<u>\$25,708,582</u>
Less Accumulated Depreciation for:				
Buildings	\$ 4,215,956	\$ 385,558	\$ -	\$ 4,601,514
Improvements other than buildings	424,897	22,123	-	447,020
Machinery and equipment	3,039,008	531,921	385,238	3,185,691
Infrastructure	1,778,487	213,519	-	1,992,006
Subtotal	<u>\$ 9,458,348</u>	<u>\$1,153,121</u>	<u>\$385,238</u>	<u>\$10,226,231</u>
Net Capital Assets Being Depreciated	<u>\$ 9,989,477</u>	<u>\$5,508,671</u>	<u>\$ 15,797</u>	<u>\$15,482,351</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$13,153,457</u>	<u>\$6,934,062</u>	<u>\$ 15,797</u>	<u>\$20,071,722</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 For The Year Ended December 31, 2004

C. CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Capital Assets Not Being Depreciated:				
Land	\$ 409,484	\$ -	\$ -	\$ 409,484
Construction in progress	162,560	2,262,229	-	2,424,789
Subtotal	\$ 572,044	\$2,262,229	\$ -	\$ 2,834,273
Capital Assets Being Depreciated:				
Buildings	\$ 279,007	\$ 8,000	\$ -	\$ 287,007
Improvements other than buildings	1,519,214	-	-	1,519,214
Machinery and equipment	1,260,035	71,225	-	1,331,260
Infrastructure	39,504,305	6,802,572	-	46,306,877
Subtotal	\$42,562,561	\$6,881,797	\$ -	\$49,444,358
Less Accumulated Depreciation For:				
Buildings	\$ 187,833	\$ 9,558	\$ -	\$ 197,391
Improvements other than buildings	408,495	27,601	-	436,096
Machinery and equipment	739,527	123,978	-	863,505
Infrastructure	4,668,718	1,003,426	-	5,672,144
Subtotal	\$ 6,004,573	\$1,164,563	\$ -	\$ 7,169,136
Net Capital Assets Being Depreciated	\$36,557,988	\$5,717,234	\$ -	\$42,275,222
Business-Type Activities Capital Total				
Capital Assets - Net of Depreciation	\$37,130,032	\$7,979,463	\$ -	\$45,109,495

Depreciation expense was charged to programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General Government	\$ 331,104
Public safety and compliance	410,968
Streets, sidewalks and drains	276,452
Recreation and culture	134,597
Total Governmental Activities	\$1,153,121

BUSINESS-TYPE ACTIVITIES

Water/Sewer Fund	\$1,132,793
Brandenburg Park Fund	31,770
Total Business-Type Activities	\$1,164,563

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 For The Year Ended December 31, 2004

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds:		
<u>GOVERNMENTAL FUNDS:</u>		
General Fund	Brandenburg Park Fund	\$ 3,861
	Nonmajor governmental funds	651
Special Revenue Funds:		
Fire Department Fund	Nonmajor governmental funds	337,031
	General Fund	309
Police Department Fund	General Fund	2,500
	Fire Department Fund	3,651
	Nonmajor governmental funds	60
Nonmajor Governmental Funds	General Fund	6,922
	Nonmajor governmental funds	847
	Water and Sewer Fund	3,075
Total Governmental Funds		<u>\$358,907</u>
<u>ENTERPRISE FUNDS:</u>		
Water and Sewer Fund	General Fund	\$118,744
	Fire Department Fund	14,565
	Police Department Fund	62,243
	Nonmajor governmental funds	30,449
	Nonmajor governmental funds - Restricted	73,683
Brandenburg Park Fund	Police Department Fund	28
	Nonmajor governmental funds	658
Total Enterprise Funds		<u>\$300,370</u>
Total		<u>\$659,277</u>

Interfund transfers reported in the fund statements were as follows:

<u>FUND TRANSFERRED FROM</u>	<u>FUND TRANSFERRED TO</u>	<u>AMOUNT</u>
<u>GOVERNMENTAL FUNDS:</u>		
General	Fire Department Fund	\$159,684
	Nonmajor governmental funds	125,006
Total General Fund		<u>\$284,690</u>
Nonmajor Governmental Funds		
	General Fund	112,360
	Nonmajor governmental funds	134,949
Total Governmental Funds	Water and Sewer Fund	46,926
		<u>\$578,925</u>
<u>ENTERPRISE FUNDS:</u>		
Water and Sewer Fund	General Fund	71,598
Total		<u>\$650,523</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

E. OPERATING LEASES

The Chesterfield Township Library leases its current facility under an operating lease dated January 18, 1999, which was extended during 2001. Monthly rent payments are \$6,219. The Library is also responsible for insurance and utilities. Rent expense for the year ended December 31, 2004 was \$74,628. The lease term ended December 31, 2004. The Library has reached an agreement on a new facility and will relocate in 2005.

F. LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefitted from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Bond and contractual obligation activity can be summarized as follows:

	<u>INTEREST RATE RANGES</u>	<u>PRINCIPAL MATURITY RANGES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS (REDUCTIONS)</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES:						
General Obligation Bonds:						
Fire Station Building Bonds	3.25 to 5.25%	\$70,000 to \$315,000	\$3,461,500	\$ -	\$3,461,500	\$ 70,000
Installment Purchase Agreements:						
Municipal Building	6.15%	\$106,217 to \$159,328	371,762	(106,217)	265,545	106,217
Municipal Water Line	6.15%	\$8,452 to \$12,688	29,592	(8,452)	21,140	8,452
Municipal Bridge	6.15%	\$7,473 to \$11,215	26,161	(7,473)	18,688	7,473
Police Building	6.0 to 6.25%	\$145,000 to \$275,000	2,300,000	(130,000)	2,170,000	145,000
Special Assessment Bonds:						
Paving Districts 121 and 122	5.2%	\$60,000	60,000	(60,000)	-	-
Paving Districts 133, 134 and 136	5.1 to 5.2%	\$57,000	190,000	(76,000)	114,000	57,000
Paving District 138	4.9 to 5.2%	\$70,000	490,000	(70,000)	420,000	70,000
Paving District 142	4.25%	\$15,000 to \$20,000	130,000	(15,000)	115,000	20,000
Paving Districts 140 and 143	4.125 to 4.5%	\$35,000 to \$40,000	330,000	(35,000)	295,000	40,000
Paving District 148	2.0 to 3.5%	\$150,000 to \$175,000	-	1,375,000	1,375,000	150,000
Total Governmental Activities			<u>\$7,389,015</u>	<u>\$ 866,858</u>	<u>\$8,255,873</u>	<u>\$674,142</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 For The Year Ended December 31, 2004

F. LONG-TERM DEBT (Continued)

	<u>INTEREST RATE RANGES</u>	<u>PRINCIPAL MATURITY RANGES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS (REDUCTIONS)</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>						
General Obligation Bonds:						
D.P.W. Building Bonds	3.25 to 5.25%	\$130,000 to \$546,000	\$6,428,500	\$ -	\$6,428,500	\$130,000
Installment Purchase Agreements:						
Water and Sewer Improvements	2.25%	\$97,804 to \$122,255	1,418,160	(92,914)	1,325,246	97,804
Special Assessment Bonds:						
Sewer District 132	5.1 to 5.2%	\$18,000	60,000	(24,000)	36,000	18,000
County Contractual Obligations:						
Act 342 Waste Water Extension	7.00%	\$164,800 to \$181,274	659,194	(148,320)	510,874	164,800
Total Business-Type Activities			<u>\$8,565,854</u>	<u>(\$ 265,234)</u>	<u>\$8,300,620</u>	<u>\$410,604</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>YEAR END DECEMBER 31</u>	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2005	\$ 674,142	\$ 516,269	\$ 410,604	\$ 324,566
2006	735,231	484,636	410,604	302,280
2007	500,000	450,287	413,968	279,904
2008	505,000	269,949	232,694	261,704
2009	550,000	253,772	302,585	250,806
2010-2014	2,745,000	853,843	2,067,155	1,073,714
2015-2019	1,360,000	370,286	2,259,510	677,214
2020-2024	<u>1,186,500</u>	<u>103,364</u>	<u>2,203,500</u>	<u>191,962</u>
Total	<u>\$8,255,873</u>	<u>\$3,302,406</u>	<u>\$8,300,620</u>	<u>\$3,362,150</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

G. FUND EQUITY

Reserved Retained Earnings

Reserved retained earnings are utilized for the retirement of the long-term debt of the Water Supply and Sewage Disposal System. Reserved retained earnings equals Water Supply and Sewage Disposal assets restricted for debt retirement less related current liabilities.

Reserved Fund Balance

Fund balance has been reserved for the following purposes as of December 31, 2004:

<u>FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
General Fund	Prepaid Expenses	\$ 4,153
Police Fund	Prepaid Expenses	1,614
Police Fund	Drug Enforcement	75,467
Library Fund	Supplies and Prepaid Expenses	9,659
Debt Service Funds	Special Assessment Bonds	770,752
Fiduciary Funds	Employees Pension Assets	3,708,681

Unreserved Fund Balance - Designations

Designations of unreserved fund balance were as follows as of December 31, 2004:

<u>FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
General Fund	Park Improvement	\$ 9,566
General Fund	Athletic Field	4,904
Library Fund	Building or Future Expansion	565,595
Lagoon Restoration	Subsequent Restoration	199,947
Recreation Land Acquisition	Property Purchase	25,298

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

IV. OTHER INFORMATION

A. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and participates in the Michigan Townships Participating Plan for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

B. DEFINED CONTRIBUTION PENSION PLAN

The Township contributes to the Chesterfield Township Pension Plan, which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. All employees, except volunteer firemen, library employees, and employees covered by certain union contracts are included in the plan. Contributions made by the employee vest immediately and contributions made by the Township vest after 20 months of continuous service. As established by Township Ordinance, the Township contributes 10% to 12% of each covered employees' base earnings and the covered employee contributes 2% of his or her base earnings. Employees may make additional voluntary contributions. In accordance with these requirements, the Township contributed approximately \$514,000 during the current year, and employees contributed approximately \$124,000.

The Chesterfield Township Library established a Money Purchase Plan and Trust in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust. A defined contribution money purchase plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Library's defined contribution money purchase plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. All full-time employees are included in the plan. Contributions made by the employee vest immediately and contributions made by the Library vest completely after five years of service. As established by the Library Board, the Library contributes 10% of each covered employees' base earnings and the covered employee contributes 2% of their base earnings. Employees may make additional voluntary contributions.

In accordance with these requirements, the Library contributed approximately \$17,000 during the current year, and employees contributed approximately \$5,600.

During 2004, the Township established a defined benefit plan through the Municipal Employees' Retirement System of Michigan. Employees were required to use a portion of their balance in the defined contribution plan to partially fund the defined benefit plan. Certain bargaining units opted to remain in the defined contribution plan while most elected to participate in the defined benefit plan.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

C. DEFINED BENEFIT PENSION PLAN

The Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit plan that covers all employees except volunteer firemen, police department employees and dispatch employees. The system provides retirement benefits to plan members. The MERS issues a publicly available financial report that includes financial statements and required supplemental information for the MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Chesterfield Township's Board of Trustees and requires a contribution from the employees of 2% of gross wages and a contribution from the employer initially set at 8.39% of participating employees' gross wages. Employees of the Library are required to contribute 3% of gross wages and a contribution from the employer of 10.74%.

D. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN

Annual pension Cost and Three-year Trend Information

The Township began participating in the MERS plan in 2004. During 2004, \$2,577,201 was transferred from the defined contribution plan to MERS for those employees who changed plans. For the year ended December 31, 2004, the Township's annual pension cost of \$305,196 for the plan was equal to the Township's required and actual contribution. The fair market value of the plan's assets approximated \$3,190,024 at December 31, 2004. An actuarial report on this plan is not yet available. The 2004 annual required contribution was determined as part of the initial actuarial valuation as of November 1, 2003, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8% investment rate of return, and (b) projected salary increases of 4.5% per year plus percentage based on an age-related scale to reflect merit, longevity and promotional salary increases.

The Library employees also joined the MERS plan in 2004. During 2004, \$129,290 was transferred from the defined contribution plan to MERS for those employees who changed plans. For the year ended December 31, 2004, the Library's annual pension cost of \$86,262 for the plan was equal to the Library's required contribution and a one time lump sum payment of \$70,000 to reduce the Library's unfunded liability. The fair market value of the plan's assets approximated \$236,448 at December 31, 2004. An actuarial report on this plan is not yet available. The 2004 annual required contribution was determined as part of the initial actuarial valuation as of March 1, 2004, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8% investment rate of return, and (b) projected salary increases of 4.5% per year plus percentage based on an age-related scale to reflect merit, longevity and promotional salary increases.

E. POST RETIREMENT BENEFITS

Post retirement benefits, other than pension benefits, are provided to all full-time employees of the Township. These benefits include certain health care and life insurance benefits. All employees with 15 years of service and who are at least 55 years old at retirement are eligible to receive these benefits. Such benefits are accounted for on a cash basis so that payments during the current period represent benefit coverage for currently retired employees or their beneficiaries. Currently, 12 retirees are eligible for benefits under this plan. For the year ended December 31, 2004, the Township made payments for post-retirement benefits premiums of \$138,651.

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended December 31, 2004

F. DEFERRED COMPENSATION PLAN

The Township has adopted a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted for any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Township's financial statements.

G. COMMITMENTS

The Township entered into a construction contract in the amount of \$6,199,646 for construction of a new facility for the Water and Sewer Department. As of December 31, 2004, costs in the amount of \$2,100,000 had been incurred related to completion of this project. The project is being funded by General Obligation bonds issued in December 2003.

The Township entered into a construction contract in the amount of \$2,708,100 for construction of a new facility for the Fire Department. As of December 31, 2004, costs in the amount of \$856,280 had been incurred related to completion of this project. The project is being funded by General Obligation bonds issued in December 2003.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2004

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES AND OTHER FINANCING SOURCES:				
Property taxes	\$1,156,710	\$1,156,710	\$1,144,629	(\$ 12,081)
Trailer park fees	6,612	6,612	7,852	1,240
Licenses and registration	7,000	7,000	8,165	1,165
Inter-governmental	3,023,071	3,023,071	2,750,649	(272,422)
Charges for services	123,128	153,128	153,720	592
Parks and recreation programs	49,000	25,000	32,041	7,041
Interest and investment earnings	75,100	80,100	82,812	2,712
Grants and reimbursements	638,804	762,804	724,624	(38,180)
Miscellaneous	407,950	488,950	571,764	82,814
Operating transfers in	-	-	183,958	183,958
Total Revenues and Other Financing Sources	<u>\$5,487,375</u>	<u>\$5,703,375</u>	<u>\$5,660,214</u>	<u>(\$ 43,161)</u>
EXPENDITURES AND OTHER FINANCING USES:				
General Government:				
Township Board	\$ 47,540	\$ 47,540	\$ 38,786	\$ 8,754
Township Supervisor	108,713	108,713	100,854	7,859
Elections	145,808	153,000	151,563	1,437
General Administration	1,514,463	1,567,045	1,385,464	181,581
Accounting	292,876	292,876	273,868	19,008
Assessing	484,229	484,229	404,488	79,741
Township Clerk	213,136	221,136	219,370	1,766
Human Resource	-	21,000	17,117	3,883
Board of Review	4,000	4,000	1,568	2,432
Township Treasurer	330,435	330,435	301,370	29,065
Township Hall and Grounds	1,862,863	1,389,844	1,367,124	22,720
Anchor Bay Harbor Storm Sewer	34,000	34,000	26,510	7,490
Grant writing	60,754	20,000	15,443	4,557
Planning Commission	63,460	63,460	45,720	17,740
Zoning Board of Appeals	17,900	17,900	12,467	5,433
Planning and Zoning Administration	217,667	217,667	206,586	11,081
Community Development Block Grant	62,745	62,745	28,968	33,777
Streets, sidewalks and drains	481,000	610,000	582,115	27,885
Culture and recreation	601,521	703,102	735,549	(32,447)
Operating transfers out	51,582	-	284,690	(284,690)
Total Expenditures and Other Financing Uses	<u>\$6,594,692</u>	<u>\$6,348,692</u>	<u>\$6,199,620</u>	<u>\$149,072</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
FUND BALANCE - JANUARY 1	<u>5,618,752</u>	<u>5,618,752</u>	<u>5,618,752</u>	-
FUND BALANCE - DECEMBER 31	<u>\$4,511,435</u>	<u>\$4,973,435</u>	<u>\$5,079,346</u>	<u>\$105,911</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 BUDGETARY COMPARISON SCHEDULE
 FIRE DEPARTMENT FUND
 For The Year Ended December 31, 2004

	ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property taxes	\$2,648,514	\$2,648,514	\$2,640,503	(\$ 8,011)
Interest and investment earnings	175,000	175,000	70,931	(104,069)
Miscellaneous	<u>25,000</u>	<u>102,500</u>	<u>96,755</u>	(5,745)
Total Revenues	<u>\$2,848,514</u>	<u>\$2,926,014</u>	<u>\$2,808,189</u>	<u>(\$117,825)</u>
EXPENDITURES:				
Personnel services	\$2,134,473	\$2,056,373	\$1,958,493	\$ 97,880
Supplies	69,500	82,600	117,593	(34,993)
Other services and charges	590,226	655,726	475,380	180,346
Capital outlay	<u>911,498</u>	<u>911,498</u>	<u>612,340</u>	<u>299,158</u>
Total Expenditures	<u>\$3,705,697</u>	<u>\$3,706,197</u>	<u>\$3,163,806</u>	<u>\$542,391</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$ 857,183)	(\$ 780,183)	(\$ 355,617)	\$424,566
OTHER FINANCING SOURCES:				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>159,684</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(\$ 857,183)	(\$ 780,183)	(\$ 195,933)	\$424,566
FUND BALANCE - JANUARY 1	<u>4,841,937</u>	<u>4,841,937</u>	<u>4,841,937</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$3,984,754</u>	<u>\$4,061,754</u>	<u>\$4,646,004</u>	<u>\$424,566</u>

See accompanying notes to financial statements.

Buss & Company, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 BUDGETARY COMPARISON SCHEDULE
 POLICE DEPARTMENT FUND
 For The Year Ended December 31, 2004

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH
	ORIGINAL	FINAL	(BUDGETARY BASIS)	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Property taxes	\$6,441,285	\$6,441,285	\$6,426,984	(\$ 14,301)
Grants and reimbursements	207,000	107,000	58,690	(48,310)
Interest and investment earnings	82,500	82,500	102,832	20,332
Miscellaneous	<u>413,193</u>	<u>330,745</u>	<u>391,337</u>	<u>60,592</u>
Total Revenues	<u>\$7,143,978</u>	<u>\$6,961,530</u>	<u>\$6,979,843</u>	<u>\$ 18,313</u>
EXPENDITURES:				
Personnel services	\$5,115,670	\$4,919,115	\$4,826,811	\$ 92,304
Supplies	135,000	238,510	234,062	4,448
Other services and charges	1,050,115	1,272,470	1,200,463	72,007
Capital outlay	182,183	826,302	993,552	(167,250)
Dispatch services	<u>661,010</u>	<u>693,603</u>	<u>676,039</u>	<u>17,564</u>
Total Expenditures	<u>\$7,143,978</u>	<u>\$7,950,000</u>	<u>\$7,930,927</u>	<u>\$ 19,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	(\$ 988,470)	(\$ 951,084)	\$ 37,386
FUND BALANCE - JANUARY 1	<u>4,815,787</u>	<u>4,815,787</u>	<u>4,815,787</u>	-
FUND BALANCE - DECEMBER 31	<u>\$4,815,787</u>	<u>\$3,827,317</u>	<u>\$3,864,703</u>	<u>\$ 37,386</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CLINTON TOWNSHIP, MICHIGAN

OTHER SUPPLEMENTAL INFORMATION

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET

December 31, 2004

With Comparative Totals For December 31, 2003

	NONMAJOR SPECIAL REVENUE FUNDS					NONMAJOR	NONMAJOR	TOTAL NONMAJOR	
	BUILDING	PARKS AND	LIBRARY	LAGOON	RECREATION LAND	DEBT	CAPITAL	GOVERNMENTAL FUNDS	
	DEPARTMENT	RECREATION	FUND	RESTORATION	ACQUISITION	SERVICE	PROJECT	2004	2003
	FUND	FUND	FUND	FUND	FUND	FUNDS	FUNDS		
ASSETS									
Cash and cash equivalents	\$1,299,551	\$215,693	\$ 88,043	\$199,348	\$ 22,136	\$ 828,283	\$ 313,379	\$3,069,483	\$2,264,783
Investments	-	-	946,192	-	-	-	2,521,571	3,467,763	4,282,337
Accrued interest receivable	811	239	-	599	161	-	-	1,810	728
Taxes receivable	-	-	828,016	-	-	-	-	828,016	922,546
Due from other governmental units	-	-	4,178	-	-	-	-	4,178	17,378
Due from other funds	-	-	91,228	-	3,001	16,560	3,105	10,844	18,992
Prepaid expenditures	1,167	-	6,219	-	-	-	-	7,386	10,873
Due from others	-	15	96	-	-	-	-	111	32
Special assessments	-	-	-	-	-	1,595,501	-	1,595,501	542,954
Total Assets	\$1,301,529	\$215,947	\$1,963,972	\$199,947	\$ 25,298	\$2,440,344	\$2,838,055	\$8,985,092	\$8,060,623
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts payable	\$ 9,334	\$ 4,265	\$ 13,278	\$ -	\$ -	\$ -	\$ 216,235	\$ 243,112	\$ 32,814
Accrued compensation	45,741	-	-	-	-	-	-	45,741	49,302
Due to other funds	16,062	-	-	-	-	74,091	353,225	443,378	305,428
Deferred revenue	-	-	994,755	-	-	1,595,501	-	2,590,256	1,487,742
Total Liabilities	\$ 71,137	\$ 4,265	\$1,008,033	\$ -	\$ -	\$1,669,592	\$ 569,460	\$3,322,487	\$1,875,286
FUND BALANCES:									
Reserved for prepaid expenditures and materials	\$ 1,167	\$ -	\$ 9,659	\$199,947	\$ 25,298	\$ -	\$ -	\$ 232,631	\$ 13,617
Reserved for debt service	-	-	-	-	-	770,752	-	770,752	727,138
Unreserved:									
Designated	-	-	565,595	-	-	-	-	565,595	668,972
Undesignated	1,229,225	211,682	380,685	-	-	-	2,268,595	4,093,627	4,775,610
Total Fund Balances	\$1,230,392	\$211,682	\$ 955,939	\$199,947	\$ 25,298	\$ 770,752	\$2,268,595	\$5,662,605	\$6,185,337
Total Liabilities and Fund Balances	\$1,301,529	\$215,947	\$1,963,972	\$199,947	\$ 25,298	\$2,440,344	\$2,838,055	\$8,985,092	\$8,060,623

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2004
With Comparative Totals For The Year Ended December 31, 2003

	NONMAJOR SPECIAL REVENUE FUNDS					NONMAJOR	NONMAJOR	TOTAL NONMAJOR	
	BUILDING	PARKS AND	LIBRARY	LAGOON	RECREATION LAND	DEBT	CAPITAL	GOVERNMENTAL FUNDS	
	DEPARTMENT	RECREATION	FUND	RESTORATION	ACQUISITION	SERVICE	PROJECT	2004	2003
	FUND	FUND	FUND	FUND	FUND	FUNDS	FUNDS		
REVENUES:									
Property taxes	\$ -	\$ -	\$ 925,988	\$ -	\$ -	\$ -	\$ -	\$ 925,988	\$ 867,457
Permits and fees	1,641,471	-	-	-	-	-	-	1,641,471	1,285,910
Grants, entitlements and fund-raisers	-	260,693	71,893	-	-	-	-	332,586	233,763
Special assessment - Collections	-	-	-	-	-	425,615	-	425,615	195,174
Interest and investment earnings	7,744	1,772	13,762	2,360	320	32,745	32,165	90,868	62,781
Other	67,419	-	71,658	-	-	-	-	139,077	89,222
Total Revenues	\$1,716,634	\$262,465	\$1,083,301	\$ 2,360	\$ 320	\$458,360	\$ 32,165	\$3,555,605	\$2,734,307
EXPENDITURES:									
Public safety and compliance	\$1,095,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,095,388	\$1,233,182
Recreation and culture	-	198,658	1,020,519	162	-	-	-	1,219,339	1,057,636
Construction costs	-	-	-	-	-	-	2,540,520	2,540,520	582,100
Engineering costs	-	-	-	-	-	-	58,840	58,840	192,218
Legal and other expenses	-	-	-	-	-	-	165,590	165,590	22,462
Debt service:									
Principal	-	-	-	-	-	356,000	-	356,000	236,000
Interest and fees	-	-	-	-	-	83,380	-	83,380	63,708
Total Expenditures	\$1,095,388	\$198,658	\$1,020,519	\$ 162	\$ -	\$439,380	\$2,764,950	\$5,519,057	\$3,387,306
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 621,246	\$ 63,807	\$ 62,782	\$ 2,198	\$ 320	\$ 18,980	(\$2,732,785)	(\$1,963,452)	(\$ 652,999)
OTHER FINANCING SOURCES (USES):									
Operating transfers in	\$ -	\$ -	\$ 55,886	\$ -	\$ -	\$134,949	\$ 69,120	\$ 259,955	\$ 587,756
Proceeds from the issuance of bonds	-	-	-	-	-	-	1,475,000	1,475,000	3,459,276
Operating transfers (out)	-	(48,971)	-	-	-	(110,315)	(134,949)	(294,235)	(168,215)
Total Other Financing Sources (Uses)	\$ -	(\$ 48,971)	\$ 55,886	\$ -	\$ -	\$ 24,634	\$1,409,171	\$1,440,720	\$3,878,817
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 621,246	\$ 14,836	\$ 118,668	\$ 2,198	\$ 320	\$ 43,614	(\$1,323,614)	(\$ 522,732)	\$3,225,818
FUND BALANCES - JANUARY 1	609,146	196,846	837,271	197,749	24,978	727,138	3,592,209	6,185,337	2,959,519
FUND BALANCES - DECEMBER 31	\$1,230,392	\$211,682	\$ 955,939	\$199,947	\$ 25,298	\$770,752	\$2,268,595	\$5,662,605	\$6,185,337

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

B-1

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$3,095,690	\$3,012,817
Investments	1,162,715	1,996,023
Accrued interest receivable	10,580	5,848
Taxes receivable	1,017,367	908,229
Due from others	403,550	375,627
Due from other governmental units	1,130,496	1,070,090
Due from other funds	4,512	258
Prepaid expenditures	4,153	4,646
Special assessments	<u>86,053</u>	<u>80,529</u>
Total Assets	<u>\$6,915,116</u>	<u>\$7,454,067</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 68,824	\$ 96,520
Accrued compensation	131,789	123,506
Due to others	9,008	13,894
Due to other funds	128,476	280,836
Deferred revenue	<u>1,497,673</u>	<u>1,320,559</u>
Total Liabilities	<u>\$1,835,770</u>	<u>\$1,835,315</u>
<u>FUND BALANCE:</u>		
Reserved for prepaid expenditures	\$ 4,153	\$ 4,646
Unreserved:		
Designated	14,470	14,364
Undesignated	<u>5,060,723</u>	<u>5,599,742</u>
Total Fund Balance	<u>\$5,079,346</u>	<u>\$5,618,752</u>
Total Liabilities and Fund Balance	<u>\$6,915,116</u>	<u>\$7,454,067</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES:</u>		
Property taxes	\$1,144,629	\$1,088,847
Trailer park fees	7,852	6,169
Licenses and registrations	8,165	7,560
Inter-governmental	2,750,649	2,871,116
Charges for services	153,720	125,876
Parks and recreation programs	32,041	67,172
Interest and investment earnings	82,812	73,784
Grants and reimbursements	724,624	797,654
Miscellaneous	<u>571,764</u>	<u>541,591</u>
 Total Revenues	 <u>\$5,476,256</u>	 <u>\$5,579,769</u>
 <u>EXPENDITURES:</u>		
General Governmental:		
Township Board:		
Personnel services	\$ 39,013	\$ 37,076
Supplies	-	104
Other services and charges	(227)	2,845
Total Township Board	<u>\$ 38,786</u>	<u>\$ 40,025</u>
 Township Supervisor:		
Personnel services	\$ 99,987	\$ 97,694
Supplies	132	167
Other services and charges	735	628
Total Township Supervisor	<u>\$ 100,854</u>	<u>\$ 98,489</u>
 Elections:		
Personnel services	\$ 126,303	\$ 74,660
Supplies	9,938	2,927
Other services and charges	15,322	6,715
Total Elections	<u>\$ 151,563</u>	<u>\$ 84,302</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES: (Continued)</u>		
General Governmental: (Continued)		
General Administrative:		
Personnel services	\$1,060,667	\$ 990,188
Supplies	1,084	797
Other services and charges	<u>323,713</u>	<u>337,060</u>
Total General Administrative	<u>\$1,385,464</u>	<u>\$1,328,045</u>
Accounting:		
Personnel services	\$ 265,134	\$ 245,496
Supplies	8,548	8,065
Other services and charges	<u>186</u>	<u>53</u>
Total Accounting	<u>\$ 273,868</u>	<u>\$ 253,614</u>
Assessing:		
Personnel services	\$ 389,806	\$ 404,451
Supplies	5,165	9,188
Other services and charges	<u>9,517</u>	<u>7,482</u>
Total Assessing	<u>\$ 404,488</u>	<u>\$ 421,121</u>
Township Clerk:		
Personnel services	\$ 211,031	\$ 193,993
Supplies	2,829	7,331
Other services and charges	<u>5,510</u>	<u>3,511</u>
Total Township Clerk	<u>\$ 219,370</u>	<u>\$ 204,835</u>
Human Resource:		
Personnel services	\$ 14,805	\$ -
Supplies	1,629	-
Other services and charges	<u>683</u>	<u>-</u>
Total Human Resource	<u>\$ 17,117</u>	<u>\$ -</u>
Board of Review:		
Personnel services	\$ 1,155	\$ 924
Other services and charges	<u>413</u>	<u>691</u>
Total Board of Review	<u>\$ 1,568</u>	<u>\$ 1,615</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES: (Continued)</u>		
General Governmental: (Continued)		
Township Treasurer:		
Personnel services		
Supplies	\$ 274,260	\$ 270,954
Other services and charges	4,002	5,840
Capital outlay	17,413	18,185
Total Township Treasurer	<u>5,695</u>	<u>-</u>
	<u>\$ 301,370</u>	<u>\$ 294,979</u>
Township Halls and Grounds:		
Personnel services		
Supplies	\$ 397,348	\$ 390,712
Other services and charges	48,673	79,016
Capital outlay	407,068	391,654
Total Township Halls and Grounds	<u>514,035</u>	<u>904,923</u>
	<u>\$1,367,124</u>	<u>\$1,766,305</u>
Anchor Bay Harbor Storm Sewer:		
Supplies		
Other services and charges	\$ 221	\$ 694
Capital outlay	26,289	21,005
Total Anchor Bay Harbor Storm Sewer	<u>-</u>	<u>75,298</u>
	<u>\$ 26,510</u>	<u>\$ 96,997</u>
Grant Writing:		
Personnel services		
Supplies	\$ 15,814	\$ 40,480
Other services and charges	97	2,692
Total Grant Writing	<u>(468)</u>	<u>5,351</u>
	<u>\$ 15,443</u>	<u>\$ 48,523</u>
Planning Commission:		
Personnel services		
Supplies	\$ 17,610	\$ 18,023
Other services and charges	393	104
Total Planning Commission	<u>27,717</u>	<u>23,644</u>
	<u>\$ 45,720</u>	<u>\$ 41,771</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES:</u> (Continued)		
General Governmental: (Continued)		
Zoning Board of Appeals:		
Personnel services	\$ 11,115	\$ 9,073
Supplies	476	17
Other services and charges	876	932
Total Zoning Board of Appeals	<u>\$ 12,467</u>	<u>\$ 10,022</u>
Planning and Zoning Administration:		
Personnel services	\$ 204,716	\$ 100,797
Supplies	1,248	2,436
Other services and charges	622	730
Total Planning and Zoning Administration	<u>\$ 206,586</u>	<u>\$ 103,963</u>
Community Development Block Grant:		
Other services and charges	\$ 28,968	\$ 19,030
Capital outlay	-	73,384
Total Community Development Block Grant	<u>\$ 28,968</u>	<u>\$ 92,414</u>
Total General Governmental	<u>\$4,597,266</u>	<u>\$4,887,020</u>
Streets, Sidewalks and Drains:		
Road Care and Street Lighting:		
Other services and charges	<u>\$ 582,115</u>	<u>\$ 835,770</u>
Culture and Recreation:		
Youth Activity Center:		
Other services and charges	<u>\$ 12,924</u>	<u>\$ 9,308</u>
Parks and Recreation:		
Personnel services	\$ 191,541	\$ 174,158
Supplies	9,782	10,063
Other services and charges	40,269	40,340
Capital outlay	278,024	-
Total Parks and Recreation	<u>\$ 519,616</u>	<u>\$ 224,561</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES:</u> (Continued)		
Culture and Recreation: (Continued)		
Senior Citizens Center:		
Personnel services	\$ 93,723	\$ 88,094
Supplies	2,898	6,392
Other services and charges	<u>106,388</u>	<u>144,969</u>
Total Senior Citizens Center	<u>\$ 203,009</u>	<u>\$ 239,455</u>
Total Culture and Recreation	<u>\$ 735,549</u>	<u>\$ 473,324</u>
Total Expenditures	<u>\$5,914,930</u>	<u>\$6,196,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$ 438,674)</u>	<u>(\$ 616,345)</u>
<u>OTHER FINANCING SOURCES (USES):</u>		
Transfer from other funds	\$ 183,958	\$ 2,283
Transfer to other funds	<u>(284,690)</u>	<u>(460,419)</u>
Total Other Financing Sources (Uses)	<u>(\$ 100,732)</u>	<u>(\$ 458,136)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(\$ 539,406)</u>	<u>(\$1,074,481)</u>
FUND BALANCE - JANUARY 1	<u>5,618,752</u>	<u>6,693,233</u>
FUND BALANCE - DECEMBER 31	<u>\$5,079,346</u>	<u>\$5,618,752</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>PROPERTY TAXES:</u>		
General operating millage	\$1,144,508	\$1,083,750
Penalties and interest	<u>121</u>	<u>5,097</u>
Total Property Taxes	\$1,144,629	\$1,088,847
 TRAILER PARK FEES	 \$ 7,852	 \$ 6,169
 LICENSES AND REGISTRATION	 \$ 8,165	 \$ 7,560
 <u>INTER-GOVERNMENTAL:</u>		
State shared revenue	\$2,750,649	\$2,871,116
 <u>CHARGES FOR SERVICES:</u>		
Zoning Board of Appeals	\$ 20,090	\$ 14,670
Platting and review fees	23,005	17,294
Rezoning fees	17,990	13,060
Street lighting	60,843	60,720
Industrial facility exemption fees	2,050	1,975
Summer tax roll preparation fees	<u>29,742</u>	<u>18,157</u>
Total Charges for Services	\$ 153,720	\$ 125,876
 PARKS AND RECREATION PROGRAMS	 \$ 32,041	 \$ 67,172
 INTEREST AND INVESTMENT EARNINGS (Including Fiduciary Funds)	 \$ 82,812	 \$ 73,784

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>GRANTS AND REIMBURSEMENTS:</u>		
Inter-fund equipment and building charges	\$ 327,115	\$ 327,465
Community Development Block Grant	25,108	155,977
Other grants	168,457	108,153
Administration reimbursements	<u>203,944</u>	<u>206,059</u>
Total Grants and Reimbursements	<u>\$ 724,624</u>	<u>\$ 797,654</u>
<u>MISCELLANEOUS:</u>		
Franchise fees	\$ 385,273	\$ 358,221
Miscellaneous sales and receipts	148,205	126,941
Special assessments	34,679	52,906
Interest on special assessments	<u>3,607</u>	<u>3,523</u>
Total Miscellaneous	<u>\$ 571,764</u>	<u>\$ 541,591</u>
Total Revenues	<u>\$5,476,256</u>	<u>\$5,579,769</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIRE DEPARTMENT SPECIAL REVENUE FUNDS
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$3,836,281	\$3,755,596
Investments	1,029,159	1,585,967
Accrued interest receivable	13,600	10,081
Taxes receivable	2,366,200	2,108,047
Due from other governmental units	-	5,068
Due from other funds	337,340	171,712
Other assets	<u>4,208</u>	<u>-</u>
Total Assets	<u>\$7,586,788</u>	<u>\$7,636,471</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 22,919	\$ 61,767
Accrued compensation	59,343	67,602
Accrued liabilities - Other	-	1,183
Due to other funds	18,216	12,333
Deferred revenue	<u>2,840,306</u>	<u>2,651,649</u>
Total Liabilities	\$2,940,784	\$2,794,534
 FUND BALANCE	<u>4,646,004</u>	<u>4,841,937</u>
Total Liabilities and Fund Balance	<u>\$7,586,788</u>	<u>\$7,636,471</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIRE DEPARTMENT SPECIAL REVENUE FUNDS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Property taxes	\$2,640,503	\$2,475,748
Interest and investment earnings	70,931	72,997
Miscellaneous	<u>96,755</u>	<u>41,465</u>
Total Revenues	<u>\$2,808,189</u>	<u>\$2,590,210</u>
EXPENDITURES:		
Personnel Services:		
Salaries and wages	\$1,440,490	\$1,297,416
Payroll taxes	102,056	91,211
Insurance	299,645	233,284
Pension	116,302	132,497
Total Personnel Services	<u>\$1,958,493</u>	<u>\$1,754,408</u>
Supplies:		
Office and operating	\$ 35,897	\$ 44,970
Uniforms	81,696	261,188
Total Supplies	<u>\$ 117,593</u>	<u>\$ 306,158</u>
Other Services and Charges:		
Contracted services	\$ 32,637	\$ 28,301
Professional services	6,640	5,210
Dues and memberships	2,905	1,472
Telephone	13,080	9,858
Travel, conferences and training	17,268	20,168
Administration	33,817	34,691
Gas, oil and repairs	62,840	62,402
Insurance	113,333	111,109
Utilities	19,897	19,176
Building maintenance	15,156	12,880
Equipment maintenance	16,606	25,104
Dispatch service	55,872	53,723
Hydrant rental	81,760	60,536
Miscellaneous	3,569	9,594
Total Other Services and Charges	<u>\$ 475,380</u>	<u>\$ 454,224</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIRE DEPARTMENT SPECIAL REVENUE FUNDS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, CONTINUED
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES:</u> (Continued)		
Capital Outlay:		
Equipment and vehicles	\$ 612,340	\$ 366,123
Building improvements	<u>-</u>	<u>475,823</u>
Total Capital Outlay	<u>\$ 612,340</u>	<u>\$ 841,946</u>
Total Expenditures	<u>\$3,163,806</u>	<u>\$3,356,736</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$ 355,617)	(\$ 766,526)
<u>OTHER FINANCING SOURCES:</u>		
Transfer from General Fund	<u>159,684</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(\$ 195,933)	(\$ 766,526)
FUND BALANCE - JANUARY 1	<u>4,841,937</u>	<u>5,608,463</u>
FUND BALANCE - DECEMBER 31	<u>\$4,646,004</u>	<u>\$4,841,937</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
POLICE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents		
Investments	\$ 5,440,939	\$ 5,435,866
Accrued interest receivable	33,267	1,126,142
Taxes receivable	22,788	22,617
Due from other governmental units	5,724,574	5,017,875
Due from other funds	85,731	54,409
Prepaid expenses	6,211	227
	<u>1,614</u>	<u>-</u>
Total Assets	<u>\$11,315,124</u>	<u>\$11,657,136</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
 <u>LIABILITIES:</u>		
Accounts payable	\$ 42,231	\$ 62,439
Accrued compensation	365,960	296,730
Due to other funds	62,271	40,641
Deferred revenue	<u>6,979,959</u>	<u>6,441,539</u>
Total Liabilities	<u>\$ 7,450,421</u>	<u>\$ 6,841,349</u>
 <u>FUND BALANCE:</u>		
Reserved	\$ 77,081	\$ 56,293
Unreserved:		
Undesignated	<u>3,787,622</u>	<u>4,759,494</u>
Total Fund Balance	<u>\$ 3,864,703</u>	<u>\$ 4,815,787</u>
Total Liabilities and Fund Balance	<u>\$11,315,124</u>	<u>\$11,657,136</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
POLICE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Property tax	\$6,426,984	\$6,035,973
Fines	103,336	72,613
Interest and investment earnings	102,832	109,485
Grants	58,690	60,718
Miscellaneous	70,067	62,124
Liquor licenses	18,094	16,174
Dispatch revenue	<u>199,840</u>	<u>141,277</u>
Total Revenues	<u>\$6,979,843</u>	<u>\$6,498,364</u>
EXPENDITURES:		
Personnel Services:		
Salaries and wages	\$3,510,237	\$3,192,668
Payroll taxes	262,943	238,418
Insurance	739,447	565,013
Pension	<u>314,184</u>	<u>272,812</u>
Total Personnel Services	<u>\$4,826,811</u>	<u>\$4,268,911</u>
Supplies:		
Office and operating	\$ 149,971	\$ 136,160
Uniforms	<u>84,091</u>	<u>54,551</u>
Total Supplies	<u>\$ 234,062</u>	<u>\$ 190,711</u>
Other Services and Charges:		
Contracted services	\$ 179,469	\$ 111,009
Professional services	116,208	69,323
Dues and memberships	2,606	5,376
Telephone	44,535	46,963
Travel, conferences and training	93,085	48,933
Administration	76,160	78,199
Rent - Building and other	267,615	270,265
Printing and publications	-	7,832
Gas, oil and repairs	187,090	202,832
Insurance	81,891	77,263
Utilities	63,106	49,720
Building maintenance	28,749	32,830
Equipment maintenance	41,395	49,540
Miscellaneous	<u>18,554</u>	<u>51,095</u>
Total Other Services and Charges	<u>\$1,200,463</u>	<u>\$1,101,180</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
POLICE DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>EXPENDITURES:</u> (Continued)		
Capital Outlay	\$ 993,552	\$ 73,022
Dispatch Services:		
Personnel services	\$ 674,896	\$ 518,039
Other services and charges	<u>1,143</u>	<u>1,103</u>
Total Dispatch Services	\$ 676,039	\$ 519,142
 Total Expenditures	 <u>\$7,930,927</u>	 <u>\$6,152,966</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (\$ 951,084)	 \$ 345,398
 FUND BALANCE - JANUARY 1	 <u>4,815,787</u>	 <u>4,470,389</u>
 FUND BALANCE - DECEMBER 31	 <u>\$3,864,703</u>	 <u>\$4,815,787</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BUILDING DEPARTMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$1,299,551	\$681,150
Accrued interest receivable	811	169
Prepaid expenses	<u>1,167</u>	<u>-</u>
Total Assets	<u>\$1,301,529</u>	<u>\$681,319</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 9,334	\$ 4,014
Accrued compensation	45,741	49,302
Due to other funds	<u>16,062</u>	<u>18,857</u>
Total Liabilities	\$ 71,137	\$ 72,173
FUND BALANCE	<u>1,230,392</u>	<u>609,146</u>
Total Liabilities and Fund Balance	<u>\$1,301,529</u>	<u>\$681,319</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 BUILDING DEPARTMENT SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Permits and fees	\$1,641,471	\$1,285,910
Interest and investment earnings	7,744	4,873
Miscellaneous	<u>67,419</u>	<u>19,943</u>
Total Revenues	<u>\$1,716,634</u>	<u>\$1,310,726</u>
EXPENDITURES:		
Personnel Services:		
Salaries and wages	\$ 651,757	\$ 698,991
Payroll taxes	51,286	53,589
Insurance	138,247	137,958
Pension	<u>60,836</u>	<u>70,124</u>
Total Personnel Services	<u>\$ 902,126</u>	<u>\$ 960,662</u>
Supplies:		
Office and operating supplies	<u>\$ 6,712</u>	<u>\$ 23,915</u>
Other Services and Charges:		
Contracted services	\$ 31,509	\$ 18,911
Professional services	20,220	30,419
Dues and memberships	1,606	1,250
Travel, conferences and training	7,536	6,047
Rent - Building	33,800	33,800
Printing and publications	7,278	2,340
Computer usage and maintenance	7,571	6,300
Gas, oil and repairs	24,828	18,755
Insurance	31,574	31,762
Equipment maintenance	2,603	6,619
Miscellaneous	<u>18,025</u>	<u>16,889</u>
Total Other Services and Charges	<u>\$ 186,550</u>	<u>\$ 173,092</u>
Capital Outlay:		
Equipment and vehicles	<u>\$ -</u>	<u>\$ 75,513</u>
Total Expenditures	<u>\$1,095,388</u>	<u>\$1,233,182</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 621,246	\$ 77,544
FUND BALANCE - JANUARY 1	<u>609,146</u>	<u>531,602</u>
FUND BALANCE - DECEMBER 31	<u>\$1,230,392</u>	<u>\$ 609,146</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
PARKS AND RECREATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$215,693	\$200,512
Accrued interest receivable	239	44
Due from other funds	-	453
Due from others	<u>15</u>	<u>15</u>
Total Assets	<u>\$215,947</u>	<u>\$201,024</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 4,265	\$ 4,178
 FUND BALANCE	<u>211,682</u>	<u>196,846</u>
Total Liabilities and Fund Balance	<u>\$215,947</u>	<u>\$201,024</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
PARKS AND RECREATION SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Fund-raisers and donations:		
Youth Baseball and Softball	\$ 38,762	\$ 37,636
Basketball	25,652	23,076
Flag Football	15,674	13,867
Golf League	1,553	-
Miscellaneous	179,052	90,015
Interest earnings	<u>1,772</u>	<u>1,271</u>
Total Revenues	<u>\$262,465</u>	<u>\$165,865</u>
EXPENDITURES:		
Personnel Services:		
Salaries and wages	\$ 17,187	\$ 13,955
Payroll taxes	<u>1,714</u>	<u>844</u>
Total Personnel Services	<u>\$ 18,901</u>	<u>\$ 14,799</u>
Parks and Recreation:		
Youth Baseball and Softball	\$ 26,791	\$ 32,936
Basketball	19,585	21,283
Flag Football	13,126	13,637
Golf League	1,300	-
Miscellaneous	<u>118,955</u>	<u>62,148</u>
Total Parks and Recreation	<u>\$179,757</u>	<u>\$130,004</u>
Total Expenditures	<u>\$198,658</u>	<u>\$144,803</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 63,807	\$ 21,062
OTHER FINANCING SOURCES (USES):		
Transfer to General Fund	(48,971)	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 14,836	\$ 21,062
FUND BALANCE - JANUARY 1	<u>196,846</u>	<u>175,784</u>
FUND BALANCE - DECEMBER 31	<u>\$211,682</u>	<u>\$196,846</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CLINTON TOWNSHIP, MICHIGAN

C-9

CHARTER TOWNSHIP OF CHESTERFIELD

County of Macomb, Michigan

LIBRARY SPECIAL REVENUE FUND

COMPARATIVE BALANCE SHEET

December 31, 2004 and 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 178,202	\$ 5,830
Investments	946,192	820,854
Taxes receivable	828,016	922,546
Due from other governmental units	4,178	17,378
Due from other funds	1,069	-
Prepaid expenditures	6,219	10,873
Due from others	<u>96</u>	<u>17</u>
Total Assets	<u>\$1,963,972</u>	<u>\$1,777,498</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ 13,278	\$ 10,189
Deferred revenue	<u>994,755</u>	<u>930,038</u>
Total Liabilities	<u>\$1,008,033</u>	<u>\$ 940,227</u>
<u>FUND BALANCE:</u>		
Reserved for prepaid expenditures and materials	\$ 9,659	\$ 13,617
Unreserved:		
Designated	565,595	504,345
Undesignated	<u>380,685</u>	<u>319,309</u>
Total Fund Balance	<u>\$ 955,939</u>	<u>\$ 837,271</u>
Total Liabilities and Fund Balance	<u>\$1,963,972</u>	<u>\$1,777,498</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
LIBRARY SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Property taxes	\$ 925,988	\$ 867,457
Fines	39,252	38,119
Interest and investment earnings	13,762	10,283
State aid	32,641	31,050
Miscellaneous	<u>71,658</u>	<u>69,279</u>
Total Revenues	<u>\$1,083,301</u>	<u>\$1,016,188</u>
EXPENDITURES:		
Personnel Services:		
Salaries and wages	\$ 452,563	\$ 421,053
Payroll taxes	34,456	32,164
Benefits	<u>164,445</u>	<u>90,824</u>
Total Personnel Services	<u>\$ 651,464</u>	<u>\$ 544,041</u>
Supplies:		
Office and operating supplies	<u>\$ 73,113</u>	<u>\$ 61,945</u>
Other Services and Charges:		
Contracted services	\$ 63,339	\$ 59,424
Professional services	10,154	20,311
Dues and memberships	11,515	6,258
Insurance	11,204	10,241
Utilities	18,572	18,372
Repair and maintenance	8,935	10,576
Miscellaneous	15,324	13,529
Rent expense	<u>74,628</u>	<u>74,628</u>
Total Other Services and Charges	<u>\$ 213,671</u>	<u>\$ 213,339</u>
Capital Outlay:		
Equipment, books and other media	<u>\$ 82,271</u>	<u>\$ 92,266</u>
Total Expenditures	<u>\$1,020,519</u>	<u>\$ 911,591</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 62,782	\$ 104,597
OTHER FINANCING SOURCES:		
Transfer from General Fund	<u>55,886</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ 118,668	\$ 104,597
FUND BALANCE - JANUARY 1	<u>837,271</u>	<u>732,674</u>
FUND BALANCE - DECEMBER 31	<u>\$ 955,939</u>	<u>\$ 837,271</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

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CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
LAGOON RESTORATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$199,348	\$197,243
Accrued interest receivable	<u>599</u>	<u>506</u>
Total Assets	<u>\$199,947</u>	<u>\$197,749</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES	\$ -	\$ -
FUND BALANCE	<u>199,947</u>	<u>197,749</u>
Total Liabilities and Fund Balance	<u>\$199,947</u>	<u>\$197,749</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
LAGOON RESTORATION SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>REVENUES:</u>		
Interest and other	\$ 2,360	\$ 1,922
<u>EXPENDITURES:</u>		
Purchased services	<u>162</u>	<u>1,242</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 2,198	\$ 680
FUND BALANCE - JANUARY 1	<u>197,749</u>	<u>197,069</u>
FUND BALANCE - DECEMBER 31	<u>\$199,947</u>	<u>\$197,749</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
RECREATION LAND ACQUISITION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 22,136	\$ 24,969
Accrued interest receivable	161	9
Due from other funds	<u>3,001</u>	<u>-</u>
Total Assets	<u>\$ 25,298</u>	<u>\$ 24,978</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES	\$ -	\$ -
FUND BALANCE	<u>25,298</u>	<u>24,978</u>
Total Liabilities and Fund Balance	<u>\$ 25,298</u>	<u>\$ 24,978</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

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CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
RECREATION LAND ACQUISITION SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Interest and other	\$ 320	\$ 264
EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 320	\$ 264
FUND BALANCE - JANUARY 1	<u>24,978</u>	<u>24,714</u>
FUND BALANCE - DECEMBER 31	<u>\$ 25,298</u>	<u>\$ 24,978</u>

See accompanying notes to financial statements.

Buss & Company, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
DEBT SERVICE FUNDS (EXCLUDING WATER AND SEWER DISTRICTS)
COMBINING BALANCE SHEET
December 31, 2004
 With Comparative Totals For December 31, 2003

	- T O T A L S -									
	PAVING 100	PAVING 104	PAVING 121 & 122	PAVING 133, 134 & 136	PAVING 138	PAVING 140 & 143	PAVING 142	PAVING 148	2004	2003
<u>ASSETS</u>										
Cash and cash equivalents	\$ -	\$ 4,939	\$ 34,353	\$222,269	\$199,601	\$135,906	\$ 58,327	\$ 185,779	\$ 841,174	\$ 822,717
Due from other funds	-	-	-	2,822	-	135	272	440	3,669	3,706
Unbilled special assessments	-	(189)	4,602	47,590	173,763	155,825	51,182	1,162,728	1,595,501	542,954
Total Assets	\$ -	\$ 4,750	\$ 38,955	\$272,681	\$373,364	\$291,866	\$109,781	\$1,348,947	\$2,440,344	\$1,369,377
<u>LIABILITIES AND FUND BALANCES</u>										
<u>LIABILITIES:</u>										
Due to other funds	\$ -	\$ -	\$ 272	\$ 73,819	\$ -	\$ -	\$ -	\$ -	\$ 74,091	\$ 99,285
Deferred revenue	-	(189)	4,602	47,590	173,763	155,825	51,182	1,162,728	1,595,501	542,954
Total Liabilities	\$ -	(\$ 189)	\$ 4,874	\$121,409	\$173,763	\$155,825	\$ 51,182	\$1,162,728	\$1,669,592	\$ 642,239
FUND BALANCES	-	4,939	34,081	151,272	199,601	136,041	58,599	186,219	770,752	727,138
Total Liabilities and Fund Balances	\$ -	\$ 4,750	\$ 38,955	\$272,681	\$373,364	\$291,866	\$109,781	\$1,348,947	\$2,440,344	\$1,369,377

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
DEBT SERVICE FUNDS (EXCLUDING WATER AND SEWER DISTRICTS)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2004
With Comparative Totals For The Year Ended December 31, 2003

	<u>- T O T A L S -</u>									
	<u>PAVING</u> <u>100</u>	<u>PAVING</u> <u>104</u>	<u>PAVING</u> <u>121 & 122</u>	<u>PAVING</u> <u>133, 134</u> <u>& 136</u>	<u>PAVING</u> <u>138</u>	<u>PAVING</u> <u>140 & 143</u>	<u>PAVING</u> <u>142</u>	<u>PAVING</u> <u>148</u>	<u>2004</u>	<u>2003</u>
<u>REVENUES:</u>										
Special assessment - Collections	\$ -	\$ 560	\$ 4,867	\$ 28,908	\$ 37,076	\$ 25,469	\$ 13,454	\$315,281	\$425,615	\$195,174
Interest on special assessments	-	45	775	5,382	13,042	9,468	3,406	627	32,745	40,600
Interest earned	-	-	-	-	-	-	-	-	-	268
Total Revenues	\$ -	\$ 605	\$ 5,642	\$ 34,290	\$ 50,118	\$ 34,937	\$ 16,860	\$315,908	\$458,360	\$236,042
<u>EXPENDITURES:</u>										
Debt service:										
Principal	\$ -	\$ -	\$ 60,000	\$ 76,000	\$ 70,000	\$ 35,000	\$ 15,000	\$100,000	\$356,000	\$236,000
Interest and fees	242	-	2,592	8,543	23,253	13,487	5,574	29,689	83,380	63,708
Total Expenditures	\$ 242	\$ -	\$ 62,592	\$ 84,543	\$ 93,253	\$ 48,487	\$ 20,574	\$129,689	\$439,380	\$299,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$ 242)	\$ 605	(\$ 56,950)	(\$ 50,253)	(\$ 43,135)	(\$ 13,550)	(\$ 3,714)	\$186,219	\$ 18,980	(\$ 63,666)
<u>OTHER FINANCING SOURCES (USES):</u>										
Transfers from other funds	\$ -	\$ -	\$ -	\$134,949	\$ -	\$ -	\$ -	\$ -	\$134,949	\$165,932
Transfers to other funds	(3,459)	-	(106,856)	-	-	-	-	-	(110,315)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$ 3,701)	\$ 605	(\$163,806)	\$ 84,696	(\$ 43,135)	(\$ 13,550)	(\$ 3,714)	\$186,219	\$ 43,614	\$102,266
FUND BALANCES - JANUARY 1	3,701	4,334	197,887	66,576	242,736	149,591	62,313	-	727,138	624,872
FUND BALANCES - DECEMBER 31	\$ -	\$ 4,939	\$ 34,081	\$151,272	\$199,601	\$136,041	\$ 58,599	\$186,219	\$770,752	\$727,138

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 December 31, 2004

With Comparative Totals For December 31, 2003

	<u>FIRE STATION #3</u>	<u>PAVING 133, 134 & 136</u>	<u>PAVING 140 & 143</u>	<u>PAVING 142</u>	<u>PAVING 144</u>	<u>PAVING 146</u>	<u>PAVING 148</u>	<u>- TOTALS -</u>	
								<u>2004</u>	<u>2003</u>
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	\$ -	\$103,620	\$ 80,480	\$ -	\$ 621	\$128,658	\$ 313,379	\$ 332,362
Investments	2,521,571	-	-	-	-	-	-	2,521,571	3,461,483
Due from other funds	<u>3,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>3,105</u>	<u>14,833</u>
Total Assets	<u>\$2,524,646</u>	<u>\$ -</u>	<u>\$103,620</u>	<u>\$ 80,480</u>	<u>\$ -</u>	<u>\$ 651</u>	<u>\$128,658</u>	<u>\$2,838,055</u>	<u>\$3,808,678</u>
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ 216,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,235	\$ 14,433
Due to other funds	352,134	-	-	-	-	651	440	353,225	187,286
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,750</u>
Total Liabilities	\$ 568,369	\$ -	\$ -	\$ -	\$ -	\$ 651	\$ 440	\$ 569,460	\$ 216,469
FUND BALANCES	<u>1,956,277</u>	<u>-</u>	<u>103,620</u>	<u>80,480</u>	<u>-</u>	<u>-</u>	<u>128,218</u>	<u>2,268,595</u>	<u>3,592,209</u>
Total Liabilities and Fund Balances	<u>\$2,524,646</u>	<u>\$ -</u>	<u>\$103,620</u>	<u>\$ 80,480</u>	<u>\$ -</u>	<u>\$ 651</u>	<u>\$128,658</u>	<u>\$2,838,055</u>	<u>\$3,808,678</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 For The Year Ended December 31, 2004
 With Comparative Totals For The Year Ended December 31, 2003

	<u>FIRE STATION #3</u>	<u>PAVING 133, 134 & 136</u>	<u>PAVING 140 & 143</u>	<u>PAVING 142</u>	<u>PAVING 144</u>	<u>PAVING 146</u>	<u>PAVING 148</u>	<u>- TOTALS -</u>	
								<u>2004</u>	<u>2003</u>
REVENUES:									
Interest earned	\$ 32,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,165	\$ 3,300
EXPENDITURES:									
Construction costs	\$1,219,217	\$ -	\$ 12,842	\$ -	\$ 68,862	\$ -	\$1,239,599	\$2,540,520	\$ 582,100
Engineering costs	-	-	-	-	-	-	58,840	58,840	192,218
Legal and other expenses	117,247	-	-	-	-	-	48,343	165,590	22,462
Total Expenditures	\$1,336,464	\$ -	\$ 12,842	\$ -	\$ 68,862	\$ -	\$1,346,782	\$2,764,950	\$ 796,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$1,304,299)	\$ -	(\$ 12,842)	\$ -	(\$ 68,862)	\$ -	(\$1,346,782)	(\$2,732,785)	(\$ 793,480)
OTHER FINANCING SOURCES (USES):									
Proceeds from the issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,475,000	\$1,475,000	\$3,459,276
Operating transfers in	-	-	-	-	69,120	-	-	69,120	421,824
Operating transfers (out)	-	(134,949)	-	-	-	-	-	(134,949)	(168,215)
Total Other Financing Sources (Uses)	\$ -	(\$134,949)	\$ -	\$ -	\$ 69,120	\$ -	\$1,475,000	\$1,409,171	\$3,712,885
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(\$1,304,299)	(\$134,949)	(\$ 12,842)	\$ -	\$ 258	\$ -	\$ 128,218	(\$1,323,614)	\$2,919,405
FUND BALANCES - JANUARY 1	3,260,576	134,949	116,462	80,480	(258)	-	-	3,592,209	672,804
FUND BALANCES - DECEMBER 31	\$1,956,277	\$ -	\$103,620	\$ 80,480	\$ -	\$ -	\$ 128,218	\$2,268,595	\$3,592,209

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
 COMPARATIVE BALANCE SHEET
 December 31, 2004 and 2003

	2004	2003		2004	2003
<u>ASSETS</u>			<u>LIABILITIES AND FUND EQUITY</u>		
<u>CURRENT ASSETS:</u>			<u>CURRENT LIABILITIES:</u>		
Cash and cash equivalents	\$10,791,695	\$12,663,361	Accounts payable	\$ 953,618	\$ 1,075,381
Investments	6,919,680	8,860,514	Accrued compensation	75,080	64,321
Accounts receivable	1,788,240	1,637,871	Due to other funds	<u>3,075</u>	<u>-</u>
Interest receivable	62,990	47,220			
Inventories	141,405	150,069			
Due from other funds	<u>226,001</u>	<u>349,177</u>	Total Current Liabilities	<u>\$ 1,031,773</u>	<u>\$ 1,139,702</u>
Total Current Assets	<u>\$19,930,011</u>	<u>\$23,708,212</u>			
<u>RESTRICTED ASSETS:</u>			<u>CURRENT LIABILITIES PAYABLE FROM</u>		
Cash and cash equivalents	\$ 4,854,877	\$ 5,223,422	<u>RESTRICTED ASSETS:</u>		
Cash held by Macomb County	440,653	432,532	Accrued interest	\$ 82,305	\$ 29,033
Due from other governmental units	90,758	90,758	Bonds and assessments payable	<u>410,604</u>	<u>265,234</u>
Interest receivable	22,256	6,893			
Special assessments	5,859	23,545			
Due from other funds	<u>73,683</u>	<u>99,150</u>	Total Current Liabilities Payable		
Total Restricted Assets	<u>\$ 5,488,086</u>	<u>\$ 5,876,300</u>	From Restricted Assets	<u>\$ 492,909</u>	<u>\$ 294,267</u>
<u>PROPERTY, PLANT AND EQUIPMENT:</u>			<u>LONG-TERM LIABILITIES:</u>		
Net of depreciation	<u>\$43,979,456</u>	<u>\$35,976,229</u>	Bonds and assessments payable	\$ 7,890,016	\$ 8,300,620
			Deferred revenue	<u>2,033,989</u>	<u>1,714,595</u>
			Total Long-Term Liabilities	<u>\$ 9,924,005</u>	<u>\$10,015,215</u>
<u>OTHER ASSETS:</u>			<u>FUND EQUITY:</u>		
Special assessments and			Retained earnings:		
capital charges	<u>\$ 84,625</u>	<u>\$ 51,710</u>	Reserved for debt service	\$ 4,995,177	\$ 5,388,953
			Unreserved	<u>53,038,314</u>	<u>48,774,314</u>
			Total Fund Equity	<u>\$58,033,491</u>	<u>\$54,163,267</u>
Total Assets	<u>\$69,482,178</u>	<u>\$65,612,451</u>	Total Liabilities and Fund Equity	<u>\$69,482,178</u>	<u>\$65,612,451</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES	\$ 7,344,488	\$ 7,018,848
<u>OPERATING EXPENSES:</u>		
Salaries, wages and fringe benefits	\$ 1,694,172	\$ 1,595,153
Supplies	633,748	674,808
Other services and charges	<u>6,982,982</u>	<u>5,888,788</u>
Total Operating Expenses	\$ 9,310,902	\$ 8,158,749
NET OPERATING INCOME (LOSS)	(\$ 1,966,414)	(\$ 1,139,901)
<u>NON-OPERATING REVENUES:</u>		
Capital income	\$ 1,951,576	\$ 1,849,011
Interest and investment earnings	307,200	266,950
Special assessments	<u>17,687</u>	<u>34,212</u>
Total Non-Operating Revenues	\$ 2,276,463	\$ 2,150,173
<u>NON-OPERATING EXPENSES:</u>		
Interest expense and paying agent fees	\$ 132,494	\$ 111,266
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 177,555	\$ 899,006
CONTRIBUTIONS FROM DEVELOPERS	3,717,341	-
TRANSFERS	(24,672)	-
INCREASE IN EQUITY	\$ 3,870,224	\$ 899,006
RETAINED EARNINGS - JANUARY 1	<u>54,163,267</u>	<u>53,264,261</u>
RETAINED EARNINGS - DECEMBER 31	<u>\$58,033,491</u>	<u>\$54,163,267</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers	\$ 7,105,159	\$ 6,521,796
Payments to suppliers	(6,597,036)	(5,769,241)
Payments for employee services	(1,683,413)	(1,581,422)
Internal activity - Other funds	126,251	(199,011)
Other receipts (payments)	<u>88,960</u>	<u>67,548</u>
Net Cash (Used) by Operating Activities	(\$ 960,079)	(\$ 960,330)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers	(\$ 24,672)	\$ -
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital revenue	\$ 2,288,656	\$ 2,432,549
Interest earned	2,040	6,424
Special assessments	(15,227)	21,977
Interest expense	(79,222)	(105,202)
Proceeds from disposal of property	-	14,750
Purchase of capital assets	(5,418,685)	(1,367,824)
Increase (decrease) in long-term debt	(265,234)	5,888,266
Change in restricted assets	<u>360,424</u>	<u>(2,498,512)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(\$ 3,127,248)	\$ 4,392,428
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and investment earnings	\$ 299,499	\$ 362,217
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 3,812,500)	\$ 3,794,315
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>21,523,875</u>	<u>17,729,560</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$17,711,375</u>	<u>\$21,523,875</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED</u>		
<u>(USED) BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	(\$ 1,966,414)	(\$1,139,901)
Adjustments to reconcile operating income to net cash provided		
(used) by operating activities:		
Depreciation expense	1,132,793	685,158
(Gain) on disposal of property	-	(6,179)
(Increase) decrease in:		
Accounts receivable	(150,369)	(423,325)
Inventories	8,664	(29,038)
Due from other funds	123,176	(191,308)
Increase (decrease) in:		
Accounts payable	(121,763)	138,235
Accrued expenses	10,759	13,731
Due to other funds	<u>3,075</u>	<u>(7,703)</u>
 NET CASH (USED) BY OPERATING ACTIVITIES	 <u>(\$ 960,079)</u>	 <u>(\$ 960,330)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2004, developers constructed water and sewer lines with an estimated value of \$3,717,341 and donated them to the Township's Water and Sewer Enterprise Fund.

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENT OF OPERATING REVENUES
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES:</u>		
Water:		
Project inspection	\$ 91,948	\$ 69,387
Water taps	348,433	317,731
Water sales	2,718,457	2,681,741
Penalties	54,104	52,763
Hydrant rental	81,760	60,348
Miscellaneous	<u>184,469</u>	<u>34,889</u>
Total Water	<u>\$3,479,171</u>	<u>\$3,216,859</u>
Sewer:		
Contractor's registration	\$ 1,902	\$ 3,750
Inspection fees	145,116	82,475
Project inspection	298,806	275,431
Sewer disposal revenues	3,327,494	3,335,406
Penalties	70,602	69,654
House rental	7,200	7,200
Gain on disposal of property	-	6,179
Miscellaneous	<u>14,197</u>	<u>21,894</u>
Total Sewer	<u>\$3,865,317</u>	<u>\$3,801,989</u>
Total Operating Revenues	<u>\$7,344,488</u>	<u>\$7,018,848</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENT OF OPERATING EXPENSES
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING EXPENSES:</u>		
Salaries, Wages and Fringe Benefits:		
Compensation:		
Supervision	\$ 77,062	\$ 74,153
Clerical	151,171	146,613
Operational	871,998	841,704
Overtime	100,178	70,299
Payroll taxes	96,979	85,702
Hospitalization	289,936	239,386
Life insurance	6,311	5,022
Pension plan	<u>100,537</u>	<u>132,274</u>
Total Salaries, Wages and Fringe Benefits	<u>\$1,694,172</u>	<u>\$1,595,153</u>
Supplies:		
Office	\$ 3,596	\$ 17,945
Operating	103,824	22,851
Uniforms	12,858	14,059
Materials:		
Water	505,362	612,382
Sewer	<u>8,108</u>	<u>7,571</u>
Total Supplies	<u>\$ 633,748</u>	<u>\$ 674,808</u>
Other Services and Charges:		
Contractual Services:		
Water	\$ 243,963	\$ 180,499
Sewer	192,613	11,620
Other	2,606	1,600
Administration	79,319	78,521
Auditing	21,608	16,119
Engineering	101,522	163,186
Legal	9,725	29,569
Dues and association fees	13,646	9,976
Dispatch services	<u>5,588</u>	<u>5,373</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENT OF OPERATING EXPENSES, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING EXPENSES:</u> (Continued)		
Other Services and Charges: (Continued)		
Telephone	\$ 16,025	\$ 12,431
Truck expenses	80,071	67,990
Travel and meeting	1,161	1,947
Advertising and printing	9,417	13,293
Insurance	132,197	123,291
Utilities	15,854	13,430
Municipal pumping	24,458	28,289
Sewer disposal charges	2,225,879	2,217,368
Water purchases	2,393,202	2,020,520
Repairs and maintenance	249,196	176,351
Building and equipment rent	29,240	30,177
Miscellaneous	2,899	2,080
Depreciation expense:		
Building addition and improvements	3,246	3,246
Furniture and fixtures	174	205
Machinery and equipment	53,187	45,230
Automotive equipment	72,759	74,112
Water and sewer lines	<u>1,003,427</u>	<u>562,365</u>
Total Other Services and Charges	<u>\$6,982,982</u>	<u>\$5,888,788</u>
Total Operating Expenses	<u>\$9,310,902</u>	<u>\$8,158,749</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BRANDENBURG MEMORIAL PARK ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
December 31, 2004 and 2003

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 80,512	\$ 115,299
Accrued interest receivable	76	41
Due from other funds	<u>686</u>	<u>-</u>
Total Current Assets	\$ 81,274	\$ 115,340
 <u>PROPERTY, PLANT AND EQUIPMENT:</u>		
Park - Net of depreciation	<u>1,130,039</u>	<u>1,153,809</u>
 Total Assets	<u><u>\$1,211,313</u></u>	<u><u>\$1,269,149</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>		
 <u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 2,117	\$ 4,374
Due to other funds	<u>3,861</u>	<u>277</u>
Total Current Liabilities	\$ 5,978	\$ 4,651
 <u>FUND EQUITY:</u>		
Retained Earnings:		
Unreserved	<u>1,205,335</u>	<u>1,264,498</u>
 Total Liabilities and Fund Equity	<u><u>\$1,211,313</u></u>	<u><u>\$1,269,149</u></u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BRANDENBURG MEMORIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES:</u>		
Season passes	\$ 9,966	\$ 13,050
Gate receipts	38,322	40,656
Pavilion rental	12,408	13,290
Concerts in the park	-	9,279
Miscellaneous	<u>3,513</u>	<u>5,254</u>
Total Operating Revenues	\$ 64,209	\$ 81,529
<u>OPERATING EXPENSES:</u>		
Personnel Services:		
Salaries and wages	\$ 42,580	\$ 25,646
Overtime	650	311
Payroll taxes	<u>3,307</u>	<u>1,986</u>
Total Personnel Services	\$ 46,537	\$ 27,943
Supplies:		
Operating	\$ 8,737	\$ 7,390
Other Services and Charges:		
Contracted services	\$ 100	\$ 520
Telephone	2,435	1,953
Vehicle expenses	1,733	1,303
Insurance	2,005	4,540
Utilities	15,634	13,163
Repairs and maintenance	13,288	12,165
Equipment rent	1,920	1,009
Concerts in the park	-	8,710
Miscellaneous	186	26
Depreciation	<u>31,770</u>	<u>32,795</u>
Total Other Services and Charges	\$ 69,071	\$ 76,184
Total Operating Expenses	\$ 124,345	\$ 111,517
OPERATING INCOME (LOSS) (CARRIED FORWARD)	(\$ 60,136)	(\$ 29,988)

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BRANDENBURG MEMORIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS, CONTINUED
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
OPERATING INCOME (LOSS) (BROUGHT FORWARD)	(\$ 60,136)	(\$ 29,988)
<u>NON-OPERATING REVENUE:</u>		
Interest earned	<u>973</u>	<u>890</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(\$ 59,163)	(\$ 29,098)
TRANSFER FROM OTHER FUNDS	<u>-</u>	<u>38,595</u>
NET INCOME (LOSS)	(\$ 59,163)	\$ 9,497
RETAINED EARNINGS - JANUARY 1	<u>1,264,498</u>	<u>1,255,001</u>
RETAINED EARNINGS - DECEMBER 31	<u>\$1,205,335</u>	<u>\$1,264,498</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BRANDENBURG MEMORIAL PARK ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers	\$ 64,209	\$ 81,529
Payments to suppliers	(48,295)	(47,485)
Payments to employees	(46,537)	(27,943)
Internal activity	<u>2,898</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	(\$ 27,725)	\$ 6,101
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Receipts from other funds	-	38,595
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Purchase of capital assets	(8,000)	(43,595)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest earned	<u>938</u>	<u>855</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(\$ 34,787)	\$ 1,956
CASH AND CASH EQUIVALENTS - JANUARY 1	<u>115,299</u>	<u>113,343</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31	<u>\$ 80,512</u>	<u>\$115,299</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating income (loss)	(\$ 60,136)	(\$ 29,988)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	31,770	32,795
Increase (decrease) in:		
Accounts payable	(2,257)	3,294
Due to other funds	3,584	-
Decrease (increase) in:		
Due from other funds	(686)	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(\$ 27,725)</u>	<u>\$ 6,101</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004
With Comparative Totals For December 31, 2003

	<u>PENSION TRUST FUND</u>	- -	<u>AGENCY FUNDS</u>	- -	
	<u>CHESTERFIELD</u>		<u>TAX</u>		
	<u>TOWNSHIP</u>		<u>COLLECTIONS</u>		
	<u>PLAN</u>		<u>FUND</u>		
				<u>OTHER</u>	
				<u>AGENCY</u>	
				<u>FUNDS</u>	
					<u>- - TOTALS - -</u>
					<u>2004</u>
					<u>2003</u>
<u>ASSETS:</u>					
Cash and cash equivalents	\$ -		\$ 874,112		\$ 2,811,263
Investments	3,708,681	\$1,505,175	599,735		7,820,042
Accrued interest	-	-	3,983		3,285
Due from other funds	-	62,598	-		74,527
Total Assets	<u>\$3,708,681</u>	<u>\$1,567,773</u>	<u>\$1,477,830</u>		<u>\$6,754,284</u>
					<u>\$10,709,117</u>
<u>LIABILITIES:</u>					
Bonds and deposits	\$ -	\$ -	\$1,375,082		\$ 1,382,814
Due to other funds	-	-	62,598		74,527
Due to others	-	-	40,150		79,098
Due to other governmental units	-	1,567,773	-		1,779,561
Total Liabilities	<u>\$ -</u>	<u>\$1,567,773</u>	<u>\$1,477,830</u>		<u>\$3,045,603</u>
					<u>\$ 3,316,000</u>
<u>NET ASSETS:</u>					
Held in trust for employees' retirement benefits	<u>\$3,708,681</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$3,708,681</u>
					<u>\$ 7,393,117</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

H-2

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
FIDUCIARY FUNDS
COMPARATIVE STATEMENT OF CHANGES IN NET ASSETS -
CHESTERFIELD TOWNSHIP PENSION PLAN
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ADDITIONS:</u>		
Contributions:		
Employer	\$ 514,055	\$ 805,719
Employee	<u>124,027</u>	<u>182,779</u>
Total Contributions	\$ 638,082	\$ 988,498
Investment earnings	<u>432,554</u>	<u>1,388,351</u>
Total Additions	<u>\$1,070,636</u>	<u>\$2,376,849</u>
<u>DEDUCTIONS:</u>		
Distributions to beneficiaries (Rollover or direct)	\$4,753,431	\$ 78,962
Administration expenses	<u>1,641</u>	<u>100</u>
Total Deductions	<u>\$4,755,072</u>	<u>\$ 79,062</u>
NET INCREASE (DECREASE) FOR THE YEAR	(\$3,684,436)	\$2,297,787
NET ASSETS - JANUARY 1	<u>7,393,117</u>	<u>5,095,330</u>
NET ASSETS - DECEMBER 31	<u>\$3,708,681</u>	<u>\$7,393,117</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

STATISTICAL SECTION

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
TAX SUMMARY
2004 LEVY

	<u>ADJUSTED TAX WARRANT</u>	<u>COMMERCIAL & INDUSTRIAL DEVELOPMENT EXEMPTIONS ADDITIONS</u>	<u>TOTAL ADJUSTED TAX SPREAD</u>
<u>SCHOOL DISTRICTS:</u>			
Anchor Bay C-2	\$ 8,098,221	\$ 53,797	\$ 8,152,018
L'Anse Creuse F-4	11,630,356	350,632	11,980,988
New Haven H-9	<u>979,482</u>	<u>333,705</u>	<u>1,313,187</u>
Total School Districts	<u>\$20,708,059</u>	<u>\$ 738,134</u>	<u>\$21,446,193</u>
STATE EDUCATION TAX	<u>\$ 8,973,860</u>	<u>\$ 332,459</u>	<u>\$ 9,306,319</u>
<u>MACOMB COUNTY:</u>			
Taxes including Intermediate District and Community College	<u>\$14,175,409</u>	<u>\$ 278,208</u>	<u>\$14,453,617</u>
<u>CHARTER TOWNSHIP OF CHESTERFIELD:</u>			
Taxes - General (Operating)	\$ 1,215,509	\$ 23,854	\$ 1,239,363
- Fire (Operating)	2,089,414	41,008	2,130,422
- Fire (Equipment)	696,222	13,662	709,884
- Police (Special Assessment)	6,878,262	98,826	6,977,088
- Library	974,860	19,133	993,993
Mandatory sewer - Debt service	4,357	-	4,357
Special assessments:			
Street lighting and weed cutting	94,035	-	94,035
Paving	45,454	-	45,454
Water and sewer districts	6,297	-	6,297
Water and sewer service	90,375	-	90,375
Excess roll	(1,108)	(5)	(1,113)
Total Charter Township of Chesterfield	<u>\$12,093,677</u>	<u>\$ 196,478</u>	<u>\$12,290,155</u>
Grand Totals	<u>\$55,951,005</u>	<u>\$1,545,279</u>	<u>\$57,496,284</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
STATISTICAL TAX INFORMATION
December 31, 2004

POPULATION

37,405 Per 2000 Census

WATER AND SEWER INFORMATION

Water Customers to Date 13,681

Sewer Customers to Date 12,834

TAX INFORMATION

<u>YEAR</u>	<u>REAL PROPERTY</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL</u>	<u>COUNTY EQUALIZED VALUATION</u>	<u>STATE EQUALIZED VALUATION</u>
1995	\$ 555,256,405	\$ 81,473,218	\$ 636,729,623	\$ 636,729,623	\$ 636,729,623
1996	608,767,724	97,539,485	706,307,209	706,307,209	706,307,209
1997	673,362,921	104,905,438	778,268,359	778,268,359	778,268,359
1998	769,640,054	116,654,686	886,294,740	886,294,740	886,294,740
1999	879,068,266	130,088,511	1,009,156,777	1,009,156,777	1,009,156,777
2000	984,950,317	136,540,929	1,121,491,246	1,121,491,246	1,121,491,246
2001	1,112,258,430	133,904,145	1,246,162,575	1,246,162,575	1,246,162,575
2002	1,230,395,463	133,044,776	1,363,440,239	1,363,440,239	1,363,440,239
2003	1,308,715,438	140,065,580	1,448,781,018	1,448,781,018	1,448,781,018
2004	1,413,346,603	137,992,954	1,551,339,557	1,551,339,557	1,551,339,557

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 STATISTICAL TAX INFORMATION, CONTINUED
 December 31, 2004
 TAX RATES
 ANCHOR BAY NO. C-2

Table 2
 Page 2 of 2

YEAR	GENERAL OPERATION	FIRE OPERATION	EQUIPMENT	POLICE S.A.	LIBRARY	COUNTY	HOMESTEAD	NON-HOMESTEAD	HOMESTEAD TOTAL
1995	.8729	1.5000	.5000	2.5000	.7000	8.4770	10.6500	28.6500	25.1999
1996	.8729	1.5000	.5000	2.5000	.7000	8.4450	13.0000	31.0000	27.5179
1997	.8717	1.4979	.4993	4.2500	.6990	8.4522	13.0000	31.0000	29.2701
1998	.8669	1.4897	.4966	4.5000	.6952	8.4111	13.0000	30.6904	29.4595
1999	.8541	1.4678	.4892	5.0000	.6849	8.3621	16.0000	34.0000	32.8581
2000	.8424	1.4478	.4825	5.0000	.6755	8.2895	16.0000	34.0000	32.7377
2001	.8208	1.4109	.4701	5.0000	.6583	8.4219	16.0000	34.0000	32.7820
2002	.8157	1.4021	.4672	5.0000	.6542	9.7018	16.0000	34.0000	34.0410
2003	.8157	1.4021	.4672	5.0000	.6542	9.5780	15.0000	32.8236	32.9172
2004	.8127	1.3970	.4655	5.0000	.6518	9.4778	16.0000	34.0000	33.8048
NEW HAVEN NO. H-9									
1995	.8729	1.5000	.5000	2.5000	.7000	8.4770	6.5550	24.5550	21.1049
1996	.8729	1.5000	.5000	2.5000	.7000	8.4450	6.5000	24.5000	21.0179
1997	.8717	1.4979	.4993	4.2500	.6990	8.4522	9.5800	27.5800	25.8501
1998	.8669	1.4897	.4966	4.5000	.6952	8.4111	9.4000	27.3496	25.8595
1999	.8541	1.4678	.4892	5.0000	.6849	8.3621	9.0000	26.8670	25.8581
2000	.8424	1.4478	.4825	5.0000	.6755	8.2895	8.3500	26.2170	25.0877
2001	.8208	1.4109	.4701	5.0000	.6583	8.4219	9.1500	26.6578	25.9320
2002	.8157	1.4021	.4672	5.0000	.6542	9.7018	12.3100	29.8178	30.3510
2003	.8157	1.4021	.4672	5.0000	.6542	9.5780	12.0000	29.5420	29.9172
2004	.8127	1.3970	.4655	5.0000	.6518	9.4778	13.0000	31.0000	30.8048
L'ANSE CREUSE NO. F-4									
1995	.8729	1.5000	.5000	2.5000	.7000	8.4770	12.6900	30.6900	27.2399
1996	.8729	1.5000	.5000	2.5000	.7000	8.4450	12.6900	30.6900	27.2079
1997	.8717	1.4979	.4993	4.2500	.6990	8.4522	12.3500	30.3500	28.6201
1998	.8669	1.4897	.4966	4.5000	.6952	8.4111	12.6900	30.6900	29.1495
1999	.8541	1.4678	.4892	5.0000	.6849	8.3621	12.6900	30.6900	29.5481
2000	.8424	1.4478	.4825	5.0000	.6755	8.2895	12.6900	30.6900	29.4277
2001	.8208	1.4109	.4701	5.0000	.6583	8.4219	12.1800	29.8974	28.9620
2002	.8157	1.4021	.4672	5.0000	.6542	9.7018	12.6900	30.6900	30.7310
2003	.8157	1.4021	.4672	5.0000	.6542	9.5780	11.6900	29.6900	29.6072
2004	.8127	1.3970	.4655	5.0000	.6518	9.4778	12.6900	30.6900	30.4948

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
INTEREST EARNED - BY FUND
 For The Year Ended December 31, 2004

Table 3
 Page 1 of 2

	<u>CERTIFICATES OF DEPOSIT AND SAVINGS ACCOUNTS</u>	<u>SPECIAL ASSESSMENTS</u>	<u>TOTAL</u>
<u>GENERAL FUND:</u>			
Operating	\$ 82,706	\$ 3,607	\$ 86,313
Parks and Recreation	106	-	106
Total General Fund	<u>\$ 82,812</u>	<u>\$ 3,607</u>	<u>\$ 86,419</u>
<u>SPECIAL REVENUE FUNDS:</u>			
Fire Department Funds	\$ 70,931	\$ -	\$ 70,931
Police Department	102,832	-	102,832
Building Department	7,744	-	7,744
Library	13,762	-	13,762
Parks and Recreation	1,772	-	1,772
Lagoon Restoration	2,360	-	2,360
Recreation Land Acquisition	320	-	320
Total Special Revenue Funds	<u>\$199,721</u>	<u>\$ -</u>	<u>\$199,721</u>
<u>DEBT SERVICE FUNDS:</u>			
Paving District 104	\$ -	\$ 45	\$ 45
Paving Districts 121 and 122	-	775	775
Paving Districts 133, 134 and 136	-	5,382	5,382
Paving District 138	-	13,042	13,042
Paving District 142	-	3,406	3,406
Paving District 140 and 143	-	9,468	9,468
Paving District 148	-	627	627
Total Debt Service Funds	<u>\$ -</u>	<u>\$ 32,745</u>	<u>\$ 32,745</u>
<u>CAPITAL PROJECT FUNDS:</u>			
Fire Station #3	<u>\$ 32,165</u>	<u>\$ -</u>	<u>\$ 32,165</u>

(Continued)

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
INTEREST EARNED - BY FUND, CONTINUED
For The Year Ended December 31, 2004

	<u>CERTIFICATES OF DEPOSIT AND SAVINGS ACCOUNTS</u>	<u>SPECIAL ASSESSMENTS</u>	<u>TOTAL</u>
<u>ENTERPRISE FUNDS:</u>			
Brandenburg Memorial Park	\$ 973	\$ -	\$ 973
Water Supply and Sewage Disposal System:			
Receiving Fund	176,121	698	176,819
Contractual Obligation Fund	66,805	-	66,805
Debt Service Funds:			
Sewer Districts 127 and 129	-	166	166
Sewer District 67	201	-	201
Sewer District 118	-	297	297
Water District 128	-	1,267	1,267
Sewer District 132	-	109	109
Capital Project Funds:			
Water District 110	7	-	7
Sewer 21 Mile	1,451	-	1,451
D.P.W. Facility	51,383	-	51,383
County Act 342 Funds:			
Bond Redemption	5,397	-	5,397
Construction	3,298	-	3,298
Total Enterprise Funds	<u>\$305,636</u>	<u>\$ 2,537</u>	<u>\$308,173</u>
 Total All Funds	 <u>\$620,334</u>	 <u>\$ 38,889</u>	 <u>\$659,223</u>

See accompanying notes to financial statements.

Table 4

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
INSURANCE IN FORCE
December 31, 2004

<u>COMPANY</u>	<u>POLICY NUMBER</u>	<u>TYPE OF COVERAGE</u>	<u>AMOUNT OF COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>- T E R M -</u> <u>FROM TO</u>	<u>ANNUAL PREMIUM</u>
Michigan Township Participating Plan	MTP191916	Property	\$12,938,949	\$ 250	10/ 1/04 10/ 1/05	\$465,826
		Liability	5,000,000	10,000		
		Wrongful Acts	5,000,000	10,000		
		Automobile	5,000,000	1,000		
		Crime	10,000	-		
		Law Enforcement	5,000,000	10,000		
		Inland Marine	2,539,945	250		
		Boiler	2,000,000	250		
		Bond	100,000	-		
		Employee benefit liability	3,000,000	-		
Michigan Municipal Worker's Compensation Self Insurer's Fund	01-5003340	Workers Compensation	State law		7/ 1/04 6/30/05	111,465
Provident Insurance	DCC-5854633	Volunteer Firemen Program				
		Accident and Disability	Various		7/ 1/04 6/30/05	2,911

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - COMBINED ALL DISTRICTS
December 31, 2004

	<u>ORIGINAL</u> <u>ISSUE</u>	<u>- - R E T I R E D - -</u> <u>PREVIOUS</u> <u>YEARS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>BALANCE</u> <u>OUTSTANDING</u> <u>12/31/04</u>
<u>SPECIAL ASSESSMENT BONDS:</u>				
Paving Districts 121 and 122	\$ 590,000	\$ 530,000	\$ 60,000	\$ -
Paving Districts 133, 134 and 136	634,600	444,600	76,000	114,000
Paving District 138	655,000	165,000	70,000	420,000
Paving District 142	150,000	20,000	15,000	115,000
Paving Districts 140 and 143	345,000	15,000	35,000	295,000
Paving District 148	1,475,000	-	100,000	1,375,000
Sewer District 132	<u>200,400</u>	<u>140,400</u>	<u>24,000</u>	<u>36,000</u>
Totals	<u>\$4,050,000</u>	<u>\$1,315,000</u>	<u>\$380,000</u>	<u>\$2,355,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT PAVING BONDS
DISTRICTS 133, 134 AND 136

Dated - February 1, 1997
Interest Payable - May 1 and November 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE MAY 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
9	5.10%	2005	\$ 57,000
10	5.20%	2006	<u>57,000</u>
Total Bonds Payable			<u>\$114,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT PAVING BONDS
DISTRICT 138

Dated - October 1, 2000
Interest Payable - May 1 and November 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE MAY 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
5	4.90%	2005	\$ 70,000
6	5.00%	2006	70,000
7	5.05%	2007	70,000
8	5.10%	2008	70,000
9	5.15%	2009	70,000
10	5.20%	2010	<u>70,000</u>
Total Bonds Payable			<u>\$420,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT PAVING BONDS
DISTRICT 142

Dated - November 1, 2001
Interest Payable - May 1 and November 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE MAY 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
4	4.25%	2005	\$ 20,000
5	4.25%	2006	15,000
6	4.25%	2007	15,000
7	4.25%	2008	15,000
8	4.25%	2009	15,000
9	4.25%	2010	15,000
10	4.25%	2011	<u>20,000</u>
Total Bonds Payable			<u>\$115,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT PAVING BONDS
DISTRICTS 140 AND 143

Dated - August 1, 2002
Interest Payable - February 1 and August 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE FEBRUARY 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
3	4.125%	2005	\$ 40,000
4	4.125%	2006	35,000
5	4.125%	2007	40,000
6	4.125%	2008	35,000
7	4.250%	2009	35,000
8	4.250%	2010	40,000
9	4.400%	2011	35,000
10	4.500%	2012	<u>35,000</u>
Total Bonds Payable			<u>\$295,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT PAVING BONDS
DISTRICT 148

Dated - January 1, 2004
Interest Payable - April 1 and October 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE OCTOBER 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
2	2.00%	2005	\$ 150,000
3	2.25%	2006	150,000
4	2.25%	2007	150,000
5	2.40%	2008	150,000
6	2.65%	2009	150,000
7	2.90%	2010	150,000
8	3.15%	2011	150,000
9	3.38%	2012	150,000
10	3.50%	2013	<u>175,000</u>
Total Bonds Payable			<u>\$1,375,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
BONDS PAYABLE - BY DISTRICT
December 31, 2004

SPECIAL ASSESSMENT SEWER BONDS
DISTRICT 132

Dated - February 1, 1997
Interest Payable - May 1 and November 1

<u>BOND NUMBER</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE MAY 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
9	5.10%	2005	\$ 18,000
10	5.20%	2006	<u>18,000</u>
Total Bonds Payable			<u>\$ 36,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 COMBINED BOND INDEBTEDNESS
 (BOND PRINCIPAL AND INTEREST)
 December 31, 2004

SPECIAL ASSESSMENT BONDS

<u>YEAR ENDED</u>	<u>PAVING BONDS</u>	<u>WATER & SEWER BONDS</u>	<u>TOTAL</u>
2005	\$ 416,660	\$ 19,836	\$ 436,496
2006	395,333	18,936	414,269
2007	331,449	-	331,449
2008	317,460	-	317,460
2009	308,256	-	308,256
2010	303,481	-	303,481
2011	223,232	-	223,232
2012	196,100	-	196,100
2013	<u>155,250</u>	<u>-</u>	<u>155,250</u>
Totals	<u>\$2,647,221</u>	<u>\$ 38,772</u>	<u>\$2,685,993</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
ASSESSMENTS PAYABLE - COMBINED ALL DISTRICTS
December 31, 2004

	<u>ORIGINAL</u> <u>ASSESSMENTS</u>	<u>- - - - RETIRED - - - -</u> <u>PREVIOUS YEARS</u>	<u>CURRENT YEAR</u>	<u>BALANCE</u> <u>OUTSTANDING</u> <u>12/31/04</u>
<u>PUBLIC ACT 342 ASSESSMENTS:</u>				
Waste Water Disposal District - Extension Dated May 1, 1988	<u>\$1,829,274</u>	<u>\$1,170,080</u>	<u>\$148,320</u>	<u>\$510,874</u>

The above assessment schedule is the result of bonds sold under Public Act 342 (Chesterfield Portion) by the County of Macomb Drain Commission and are secured by the full faith and credit of the County. The Township in turn has pledged its full faith and credit to the County to guarantee repayment to the County.

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
ASSESSMENTS PAYABLE - BY DISTRICT
December 31, 2004

MACOMB COUNTY WASTE WATER DISPOSAL DISTRICT ASSESSMENTS
(CHESTERFIELD SECTION) P.A. 342 - EXTENSION

Dated - May 1, 1988
Interest Payable - October 1 and April 1

<u>MATURITY</u> <u>DATE</u> <u>OCTOBER 1</u>	<u>INTEREST</u> <u>RATE</u>	<u>AMOUNT</u> <u>MATURING</u> <u>ANNUALLY</u>
2005	7%	\$164,800
2006	7%	164,800
2007	7%	<u>181,274</u>
Total Assessments Payable		<u>\$510,874</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
ASSESSMENT INDEBTEDNESS - PUBLIC ACT 342
(ASSESSMENT PRINCIPAL AND INTEREST)
December 31, 2004

WASTE WATER DISPOSAL DISTRICT

EXTENSION \$1,829,274 ISSUE

<u>YEAR ENDED</u> <u>12/31</u>	<u>AMOUNT</u>
2005	\$198,584
2006	186,224
2007	<u>190,338</u>
Total	<u>\$575,146</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT
December 31, 2004

Municipal Building	\$ 265,545
Municipal Water Line	21,140
Municipal Bridge	18,688
Police Building	2,170,000
Water and Sewer Improvements	1,325,246
D.P.W. Building	6,428,500
Fire Station #3	<u>3,461,500</u>
Total Other Debt	<u>\$13,690,619</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

MUNICIPAL BUILDING

Dated - November 20, 1991
Interest and Principal Payable - May 15 and November 15

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>AMOUNT MATURING ANNUALLY</u>
26-27	6.15%	2005	\$106,217
28-29	6.15%	2006	<u>159,328</u>
Total			<u>\$265,545</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

MUNICIPAL WATER LINE

Dated - November 20, 1991
Interest and Principal Payable - May 15 and November 15

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>AMOUNT MATURING ANNUALLY</u>
26-27	6.15%	2005	\$ 8,452
28	6.15%	2006	<u>12,688</u>
Total			<u>\$ 21,140</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

Table 12
Page 3 of 7

MUNICIPAL BRIDGE

Dated - November 20, 1991
Interest and Principal Payable - May 15 and November 15

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>AMOUNT MATURING ANNUALLY</u>
26-27	6.15%	2005	\$ 7,473
28	6.15%	2006	<u>11,215</u>
Total			<u>\$ 18,688</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

Table 12
Page 4 of 7

POLICE BUILDING

Dated - February 10, 2000
Interest and Principal Payable - August 1 and February 1

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>AMOUNT MATURING ANNUALLY</u>
10-11	6.00%	2005	\$ 145,000
12-13	6.00%	2006	155,000
14-15	6.00%	2007	155,000
16-17	6.10%	2008	165,000
18-19	6.10%	2009	175,000
20-21	6.10%	2010	175,000
22-23	6.25%	2011	200,000
24-25	6.25%	2012	225,000
26-27	6.25%	2013	250,000
28-29	6.25%	2014	250,000
30	6.25%	2015	275,000
Total			<u>\$2,170,000</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

WATER AND SEWER IMPROVEMENTS

Dated - September 28, 1995
Interest Payable - April 1 and October 1

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DATE APRIL 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
9	2.25%	2005	\$ 97,804
10	2.25%	2006	97,804
11	2.25%	2007	102,694
12	2.25%	2008	102,694
13	2.25%	2009	107,585
14	2.25%	2010	107,585
15	2.25%	2011	112,475
16	2.25%	2012	112,475
17	2.25%	2013	117,365
18	2.25%	2014	122,255
19	2.25%	2015	122,255
20	2.25%	2016	<u>122,255</u>
Total			<u>\$1,325,246</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

D.P.W. BUILDING

Dated December 1, 2003
Interest Payable - April 1 and October 1

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DATE APRIL 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
1	5.250%	2005	\$ 130,000
2	5.250%	2006	130,000
3	5.250%	2007	130,000
4	5.250%	2008	130,000
5	5.250%	2009	195,000
6	3.250%	2010	195,000
7	3.500%	2011	260,000
8	3.750%	2012	325,000
9	4.000%	2013	325,000
10	3.550%	2014	390,000
11	3.650%	2015	390,000
12	3.800%	2016	390,000
13	3.900%	2017	390,000
14	4.000%	2018	390,000
15	4.000%	2019	455,000
16	4.100%	2020	520,000
17	4.200%	2021	552,500
18	4.300%	2022	585,000
19	4.375%	2023	546,000
Total			<u>\$6,428,500</u>

See accompanying notes to financial statements.

CHARTER TOWNSHIP OF CHESTERFIELD
County of Macomb, Michigan
OTHER DEBT - BY COMPONENT
December 31, 2004

FIRE STATION #3

Dated - December 1, 2003
Interest Payable - April 1 and October 1

<u>PAYMENT NUMBER</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DATE APRIL 1</u>	<u>AMOUNT MATURING ANNUALLY</u>
1	5.250%	2005	\$ 70,000
2	5.250%	2006	70,000
3	5.250%	2007	70,000
4	5.250%	2008	70,000
5	5.250%	2009	105,000
6	3.250%	2010	105,000
7	3.500%	2011	140,000
8	3.750%	2012	175,000
9	4.000%	2013	175,000
10	3.550%	2014	210,000
11	3.650%	2015	210,000
12	3.800%	2016	210,000
13	3.900%	2017	210,000
14	4.000%	2018	210,000
15	4.000%	2019	245,000
16	4.100%	2020	280,000
17	4.200%	2021	297,500
18	4.300%	2022	315,000
19	4.375%	2023	294,000
Total			<u>\$3,461,500</u>

See accompanying notes to financial statements.

Table 13

CHARTER TOWNSHIP OF CHESTERFIELD
 County of Macomb, Michigan
 COMBINED OTHER INDEBTEDNESS
 MUNICIPAL BUILDING AND RELATED
 (NOTE PRINCIPAL AND INTEREST)
 December 31, 2004

<u>YEAR ENDED 12/31</u>	<u>MUNICIPAL BUILDING</u>	<u>WATER LINE</u>	<u>BRIDGE</u>	<u>POLICE BUILDING</u>	<u>WATER/SEWER IMPROVEMENT</u>	<u>D.P.W. BUILDING</u>	<u>FIRE STATION #3</u>	<u>TOTAL</u>
2005	\$121,106	\$ 9,637	\$ 8,520	\$ 274,365	\$ 126,522	\$ 390,228	\$ 210,123	\$ 1,140,501
2006	167,591	13,335	11,796	275,365	124,321	383,403	206,448	1,182,259
2007	-	-	-	266,065	126,956	376,578	202,773	972,372
2008	-	-	-	266,383	124,645	369,753	199,098	959,879
2009	-	-	-	266,012	127,170	426,221	229,504	1,048,907
2010	-	-	-	255,338	124,749	417,934	225,041	1,023,062
2011	-	-	-	268,750	127,164	475,215	255,885	1,127,014
2012	-	-	-	280,469	124,633	529,571	285,154	1,219,827
2013	-	-	-	290,625	126,938	516,978	278,373	1,212,914
2014	-	-	-	275,000	129,132	568,555	306,145	1,278,832
2015	-	-	-	283,594	126,381	554,515	298,585	1,263,075
2016	-	-	-	-	123,631	539,988	290,763	954,382
2017	-	-	-	-	-	524,973	282,678	807,651
2018	-	-	-	-	-	509,568	274,383	783,951
2019	-	-	-	-	-	557,668	300,283	857,951
2020	-	-	-	-	-	602,908	324,643	927,551
2021	-	-	-	-	-	613,145	330,155	943,300
2022	-	-	-	-	-	621,465	334,635	956,100
2023	-	-	-	-	-	557,944	300,431	858,375
Totals	<u>\$288,697</u>	<u>\$ 22,972</u>	<u>\$ 20,316</u>	<u>\$3,001,966</u>	<u>\$1,512,242</u>	<u>\$9,536,610</u>	<u>\$5,135,100</u>	<u>\$19,517,903</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

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Telephone (586) 263-8200
Facsimile (586) 263-8329

Gerald H. Dryer, C.P.A.
Paul K. Burback, C.P.A.
John E. Gideon, C.P.A.
Thomas J. Thomas, C.P.A.

MEMBERS
The American Institute of
Certified Public Accountants

The Michigan Association of
Certified Public Accountants

June 17, 2005

Board of Trustees
Charter Township of Chesterfield
County of Macomb, Michigan

Re: Supplemental System and Internal
Control Comments and Recommendations
in conjunction with audit for the
year ended December 31, 2004

Honorable Members:

We have audited the financial statements of Charter Township of Chesterfield, County of Macomb, Michigan for the year ended December 31, 2004 and issued our report dated June 17, 2005. Included within the purview of the audit is the requirement under Public Act 2, P.A. of 1968, as amended, that we review internal controls and procedures and report on the results of comments and recommendations made during the preceding year. Internal control comments are made encompassing the concept that the cost of any internal control system should not be greater than the benefits obtained. The accomplishment of comments that are of a legal compliance versus internal control nature are not covered by the same cost concept, but are governed solely by legal requirements.

In planning and performing our audit of the financial statements of Charter Township of Chesterfield, for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Charter Township of Chesterfield's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

PRIOR YEAR COMMENTS

As we indicated in our prior year report, various improvements were recommended to improve internal reporting. Improvements in some areas were noted, but other areas, which are identified below, continue to need improvement.

The Township made improvements in the process of preparing bank reconciliations during 2004. At the time of our audit, all accounts had been reconciled and necessary adjustments had been recorded. Management implemented procedures to reconcile cash clearing accounts on a regular basis. Most reconciling items were cleared in a reasonable time period and numerous accounts with little or no activity were closed during the year. During our audit, however, we noticed that there were still accounts with no activity during the year. It is our recommendation that management continue to review all bank accounts and close those which no longer have any activity.

The Township maintains a software program to identify and track engineering deposits, occupancy bonds, building bonds and other deposits. This information, known as the bond file, is maintained on a system that is separate from the general ledger. Cash receipts and disbursements relating to the bond file are recorded in the general ledger. Management implemented procedures to reconcile the bond file to the general ledger on a regular basis as we recommended in the past. Management should continue to monitor these procedures and investigate items which remain open for an unusual period of time.

In the prior year, we recommended that management develop procedures to improve the supporting documentation for cash disbursements and include appropriate reviews and approvals. During our testing, however, we continued to identify a number of items that were misclassified and certain instances where items were paid improperly. We consider the foregoing a reportable condition.

Unusual transactions should be reviewed with management for proper account coding. A system of project accounting or review should be developed to eliminate overpayments and duplicate payments. The project system should indicate if special assessments or performance bonds are involved.

CURRENT YEAR COMMENTS

The Township oversees building construction, in accordance with the States Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township is permitted to charge fees for these services which bear a reasonable relationship to the cost of operating the enforcing agency. The Township accounts for these revenues and expenditures in the Building Department Special Revenue Fund.

A summary of the fund's activity follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Fund Balance - Beginning	\$ <u>704,952</u>	\$ <u>531,602</u>	\$ <u>609,146</u>
Revenues	\$ 906,574	\$1,310,726	\$1,716,634
Expenditures	<u>1,079,924</u>	<u>1,233,182</u>	<u>1,095,388</u>
Excess (Deficiency)	(\$ <u>173,350</u>)	\$ <u>77,544</u>	\$ <u>621,246</u>
Fund Balance - Ending	\$ <u><u>531,602</u></u>	\$ <u><u>609,146</u></u>	\$ <u><u>1,230,392</u></u>

Management should review the fees being charged for services being provided as well as the indirect expenditures being allocated to the fund to ensure the fees bear a reasonable relationship to the related costs of operating the enforcing agency. Fluctuations in economic activity should be reconciled in the foregoing review.

The Township Police Department from time to time obtains funds through drug forfeitures. The funds are being accounted for in a separate bank account within the Police Department Fund. The State of Michigan has established requirements for certain drug forfeiture funds to be accounted for in a separate Special Revenue Fund to ensure they are expended properly. The Township should review the requirements to determine if they are in compliance.

CURRENT YEAR COMMENTS
(Continued)

The Township's Water and Sewer Department continued to make improvements in the Water Supply and Sewage Disposal System to keep up with the Township's increasing population. During the past several years water and sewer rates charged to consumers have increased proportionately to increases received by the Township from the City of Detroit. A summary of operating activity follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Operating Revenues	\$6,207,433	\$7,018,848	\$7,344,488
Operating Expenses	<u>7,059,275</u>	<u>8,158,749</u>	<u>9,310,902</u>
Net Operating Income (Loss)	(\$ 851,842)	(\$1,139,901)	(\$1,966,414)
Depreciation	<u>290,314</u>	<u>685,158</u>	<u>1,132,793</u>
Operating Income (Loss) Excluding Depreciation	<u>(\$ 561,528)</u>	<u>(\$ 454,743)</u>	<u>(\$ 833,621)</u>

Management should review billing rates based on the results of operations, as well as, consumption rates charged by the City of Detroit.

In addition, changes in certain policies within the Water and Sewer Department resulted in a significant increase in the accounts receivable in arrears. Management should develop procedures with the proper level of oversight to monitor and improve the collection of accounts receivable in a timely manner.

The Township continues to grow at a rapid pace and must continue to review their processes in order to keep up with its growing complexities. The purchasing function should be reviewed to utilize available personnel and computer software. The function can be expanded in the future as needed.

Personnel was added to the Accounting Department toward the end of the 2004 year. This has resulted in immediate and significant improvements. We anticipate that this will continue. We also anticipate that the Accounting Department will be able to help other departments with their systems and controls.

We do not consider the cited reportable conditions as a material weakness in the system of internal control.

This report is intended solely for the information and use of the Board of Trustees, management and others within the administration of Charter Township of Chesterfield. This restriction is not intended to limit distribution of this report, which, upon acceptance by the Board of Trustees, is a matter of public record.

In closing, the foregoing is intended as a summary of current year accomplishments and an indication of areas to be reviewed in the upcoming year. We would like to commend the Township Trustees, officials and staff personnel for the time devoted and the enthusiastic attitude displayed in the accomplishment of Township goals.

Yours truly,

BUSS & COMPANY, P.C.

A handwritten signature in black ink that reads "Buss & Company, P.C." in a cursive, stylized font.

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 17, 2005

Board of Trustees
Charter Township of Chesterfield
County of Macomb, Michigan

We have audited the financial statements of Charter Township of Chesterfield, County of Macomb, Michigan as of and for the year ended December 31, 2004, and have issued our report thereon dated June 17, 2005, which was qualified because we did not audit financial data regarding Public Act 342 funds which were included in the financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Charter Township of Chesterfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charter Township of Chesterfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Charter Township of Chesterfield's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

In the prior year, we recommended that management develop procedures to improve the supporting documentation for cash disbursements and include appropriate reviews and approvals. During our testing, however, we continued to identify a number of items that were misclassified and certain instances where items were paid improperly. We consider the foregoing a reportable condition.

Board of Trustees
Charter Township of Chesterfield
June 17, 2005
Page 2

Internal Control Over Financial Reporting (Continued)

We also recommended in the prior year that management develop procedures to make certain that cash clearing accounts are reconciled on a monthly basis. This matter has been resolved to our satisfaction.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information and use of management and others within the organization, the Board of Trustees of the Township and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BUSS & COMPANY, P.C.



Certified Public Accountants

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